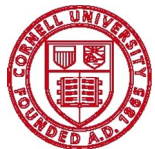


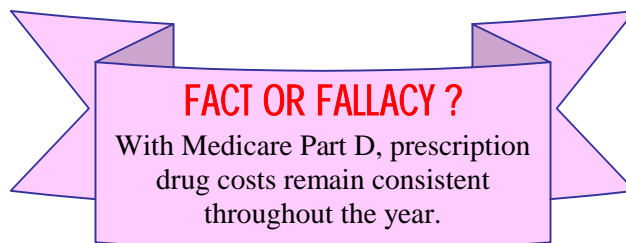
MEDICARE PART D RESEARCH FACTS

Volume 1 Number 2



CURxED

**Cornell University Resource Education
for Medicare Part D
COLLEGE OF HUMAN ECOLOGY**



COVERAGE IN THE ZONE

Private companies can provide the Medicare Part D benefit as either stand-alone Prescription Drug Plans (PDPs), or offer it with Parts A and B as Medicare Advantage Plans (MA-PDs). Although the MMA specifies a standard drug benefit plan design for PDPs, the law allows insurance companies to deviate from the standard design as long as the modified plans are actuarially equivalent to the standard benefit. Beneficiaries are locked into their plan enrollment selection for a full year and usually may change plans only during the annual open enrollment period from November 15 to December 31.

For PDPs, the standard drug benefit design for 2007 comprises a initial deductible of \$265, followed by three more unique coverage zones.

After the deductible is spent, the initial coverage zone provides for 75% coverage of medications

until \$2400 in total drug costs has been incurred. The beneficiary is responsible for 25%, or \$533.75 (2400-265 x 25%) as a co-pay or co-insurance during the initial coverage zone.

The infamous donut hole, or no coverage zone then follows. Until the beneficiary has incurred a total of \$3850 in out of pocket drug costs, he or she must pay for 100% of the cost of the drugs, or \$3051.25 during this zone (3850 - 533.75 - 265).

The catastrophic coverage zone occurs after there has been more than \$5451.25 in total drug costs. This represents \$3850 in costs for the beneficiary and \$1601.25 in costs for the Medicare Part D plan. At this point, and for the remainder of the year, the plan pays for 95% of the drug costs and the beneficiary pays 5%.

This is all in addition to the premium!

2007 BASIC FEATURES	TOTAL COSTS	MEDICARE PAYS:	BENEFICIARY PAYS:
Deductible	\$0-265	\$0	\$265
Initial Coverage Zone	\$265-2,400	75%, up to \$1601.25	25%, up to \$533.75
Donut Hole	\$2,400-\$5,451.25	0% or \$0	100%, up to \$3051.25
Catastrophic Coverage	more than \$5,451.25	95%	5% or \$2.15 for generics and \$5.35 for brands

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