



HEALTH CARE *and you*

The New Health Care Law: Medicare Prescription Drug Benefit & Closing the Doughnut Hole

Under the new health care law, people enrolled in Medicare Part D this year who fall into the coverage gap, or “doughnut hole,” will get an extra \$250 to help pay for their drug costs. This is the first step toward closing the doughnut hole, which will be eliminated in 2020.

Medicare will continue to offer prescription drug plans through Part D to help reduce your out-of-pocket costs for medications. You will still pay premiums each month in exchange for this benefit but, once the new law is fully implemented, there will be no coverage gap.

Under prior law, once your total drug costs (what you and your plan have paid) for the year exceeded a certain amount, you fell into the doughnut hole. During this gap in coverage, you would pay the full price for your drugs until your total costs were high enough that you qualify for catastrophic coverage. After that point, you would be responsible for only 5 percent of your prescription drug costs for the rest of the year.

Under the new law, if you reach the doughnut hole in 2010, you will get a one-time rebate of \$250 to reduce your out-of-pocket costs. Also, starting in 2011, you will get a 50 percent discount on brand-name prescription drugs and a 7 percent discount on generic prescription drugs while you are in the coverage gap. The gap will gradually narrow until it disappears in 2020. As before, after a certain amount of drug spending (by you and the plan), you will qualify for catastrophic coverage and only be responsible for 5 percent of your prescription drug costs for the rest of the year.

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