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AARP Launches Money-Saving Prescription Drug Resource
Online tool helps people avoid dreaded “doughnut hole”

[Columbia]—By the end of this summer, more than one million older Americans will have fallen into the “doughnut hole”—a coverage gap in Medicare’s prescription drug program that leaves individuals on the hook for all of their own drug costs while still paying premiums. AARP is launching a new online resource to help older Americans avoid this dreaded coverage gap.

The AARP Doughnut Hole Calculator, available at www.aarp.org/doughnuthole, guides visitors through their prescription drug options using localized information about their plans and prescriptions to determine if or when they will fall into the coverage gap. In about 15 minutes, visitors can view a graph of their out-of-pocket spending by month, look up lower cost drugs for their conditions, create a Personal Medication Record and print out personalized letters to their doctors to help start a conversation about safely switching prescriptions.

“Thirty percent of South Carolina residents in Medicare fall into the gap each year, and millions more nervously wonder if they might fall in,” said Jane Wiley, AARP SC state director. “For the first time, people in Medicare have a simple way to learn if they’ll fall into the doughnut hole and find ways to avoid it by switching to safe, less expensive medications.”

As a part of its Health Action Now campaign, AARP is calling on Congress to close the doughnut hole and lower prescription drug prices so that no one has to go without the prescriptions they need to stay healthy. Research has shown people cut back on their prescription drugs when their costs become unaffordable, which can lead to more serious health conditions and larger health care bills.

Wiley added: “Saving money on prescription drugs is going to mean pressing hard in Washington to close the doughnut hole. In the meantime, we also want to give Americans the tools they need to cut their drug costs and stay out of the gap in the first place. We encourage every person in Medicare to take a few minutes to find the right drugs at the lowest prices.”

The calculator is powered by DestinationRx as part of a special arrangement between AARP and Medicare. The data is the same used by the Medicare Prescription Drug Plan Finder, giving users the most accurate and up-to-date drug pricing information available.

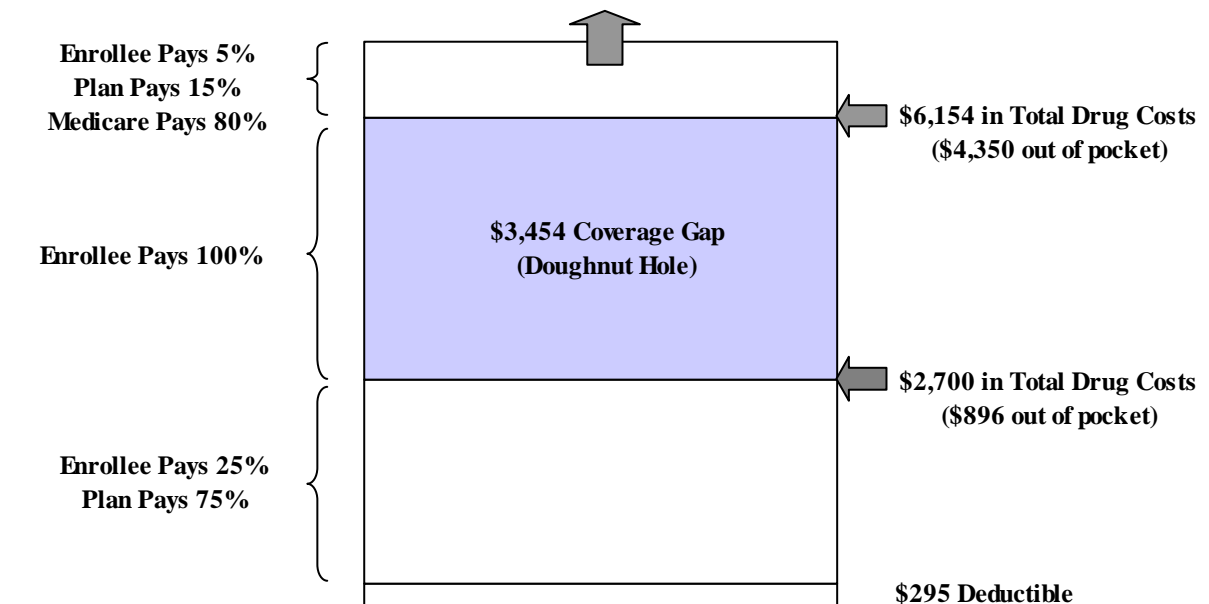
For details on AARP's health reform priorities, visit <http://www.aarp.org/governmentwatch>.

AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. We produce AARP The Magazine, the definitive voice for 50+ Americans and the world's largest-circulation magazine with over 35.5 million readers; AARP Bulletin, the go-to news source for AARP's 40 million members and Americans 50+; AARP Segunda Juventud, the only bilingual U.S. publication dedicated exclusively to the 50+ Hispanic community; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Closing a Gap in Medicare Drug Coverage: How to Help Millions of Beneficiaries Afford Needed Medication

- More than 3 million Medicare beneficiaries this year are at risk of falling into a gap in Part D drug coverage known as the “doughnut hole,” where they pay the full cost of drugs— while still paying their premiums—until reaching the plan’s catastrophic limit.
 - Over 26 million Medicare beneficiaries obtain their outpatient prescription drugs through Medicare Part D.
 - Now in its fourth year, the standard benefit under Part D has an annual deductible; an initial coverage period where beneficiaries are responsible for 25 percent of their drug costs; and catastrophic coverage that limits beneficiaries’ spending to roughly five percent of their drug costs. Part D also has a unique coverage gap, or doughnut hole, between the end of the initial coverage period and the catastrophic threshold, during which beneficiaries must pay all of their drug costs as well as premiums.

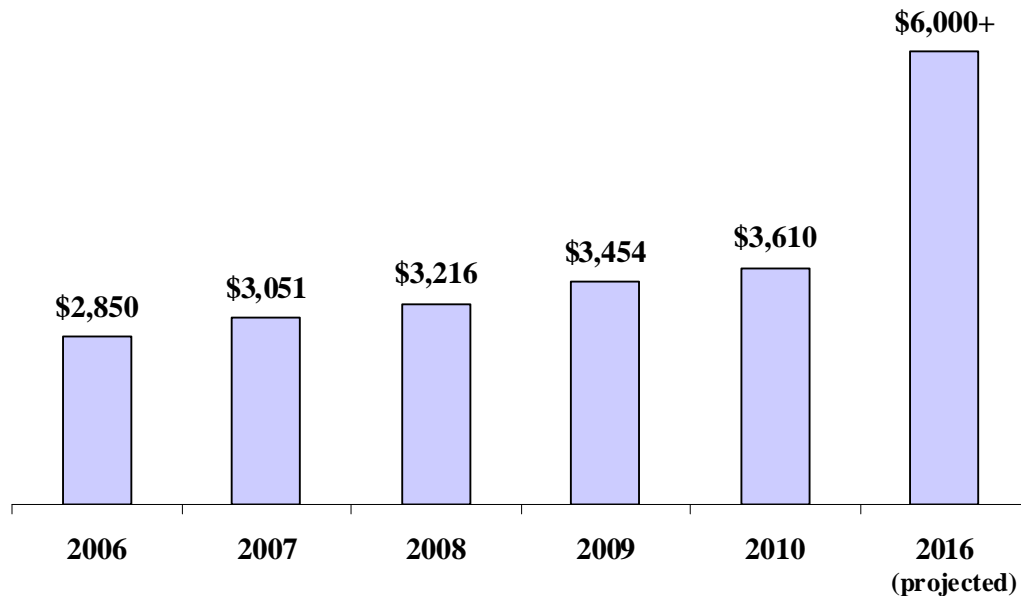
STANDARD MEDICARE PRESCRIPTION DRUG BENEFIT, 2009



- The coverage gap is expected to widen substantially in coming years, with potentially significant impact on the health and financial security of many beneficiaries. In 2009, the size of the doughnut hole stands at \$3,454. By 2016, it is projected to almost double, to more than \$6,000.

- The size of the doughnut hole is updated annually and indexed to reflect growth in Part D beneficiaries' per capita drug spending—which is affected by changes in drug prices, drug utilization or consumption, and the mix of therapy.
- A 2009 AARP Public Policy Institute report found that the overall average rate of increase in manufacturer prices for prescription drugs widely used by Medicare Part D beneficiaries exceeded the rate of general inflation in 2008.

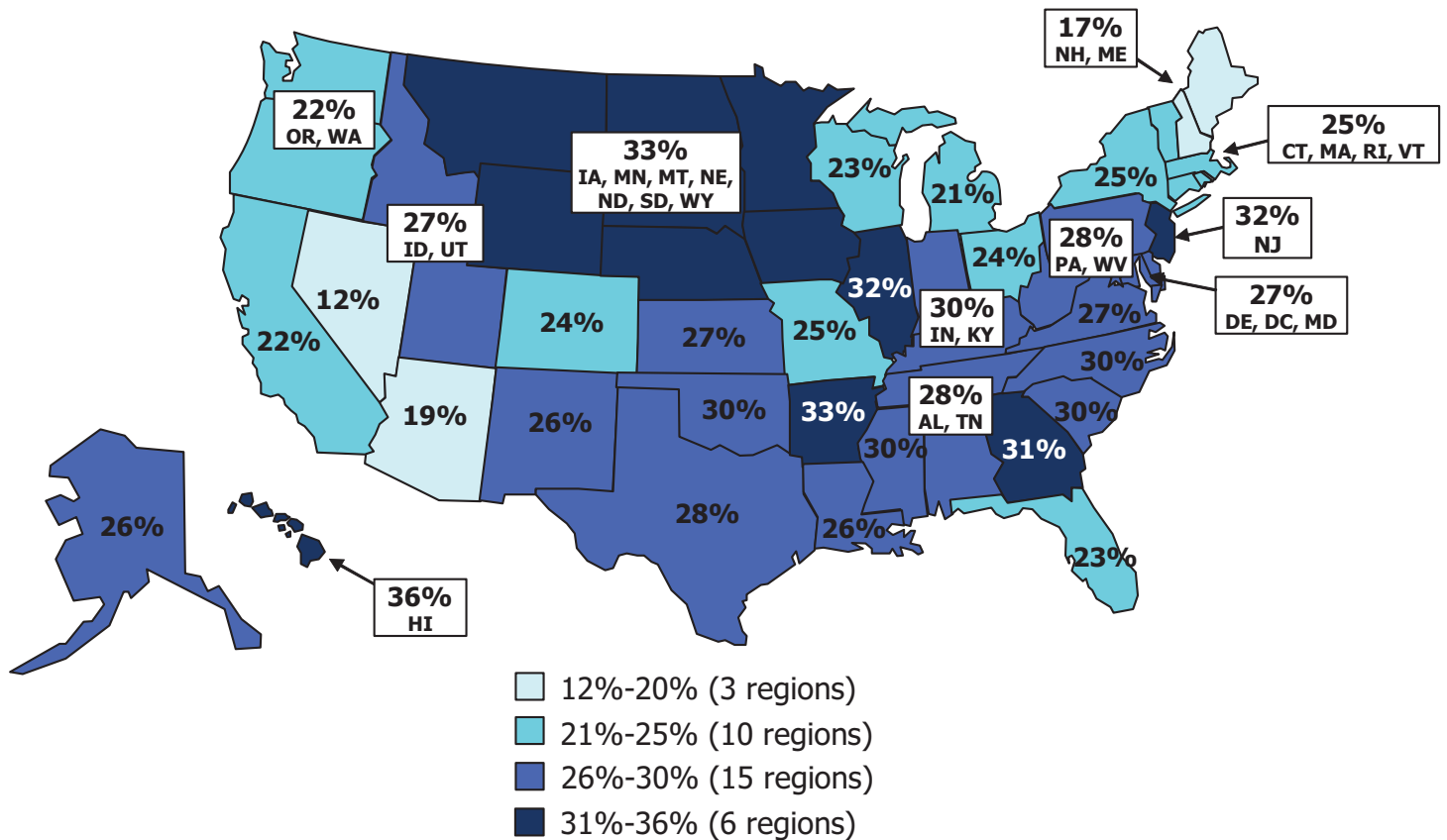
SIZE OF THE MEDICARE PART D COVERAGE GAP (DOUGHNUT HOLE)



- **There is growing evidence that many beneficiaries who reach the coverage gap forgo needed medications when faced with the full cost of their prescriptions—often leading to expensive hospitalizations and adverse health outcomes.**
 - Beneficiaries taking drugs for serious chronic conditions have a substantially higher risk of reaching the doughnut hole, according to a study by the Kaiser Family Foundation.
 - The study found that among enrollees who did not receive a low-income subsidy in 2007, 64 percent of those taking medications for Alzheimers reached the coverage gap, as did 51 percent of those taking oral anti-diabetic medications and 45 percent of patients on antidepressants.
- **Closing the doughnut hole could help reduce preventable hospitalizations and ease the financial burden on Medicare and many beneficiaries.**
 - Completely closing the doughnut hole would cost \$134 billion over the next ten years, according to the Congressional Budget Office.
 - The doughnut hole also could be gradually closed by indexing to something other than growth in drug spending, such as the rate of inflation. Or, it could be frozen in place, or decreased by a percentage every year.

Share of Part D Enrollees Who Reached the Coverage Gap in 2007, By Medicare Drug Plan Region

Excludes Part D Enrollees Who Receive Low-Income Subsidies and Non-Users



NOTES: Estimates based on analysis of retail pharmacy claims for 1.9 million Part D enrollees in 2007.
 SOURCE: Georgetown University/NORC/Kaiser Family Foundation analysis of IMS Health LRx database, 2007.