

# The New Medicare Drug Benefit: How Much Will Consumers Pay?

Compromise Bill Provisions	Basic benefit	Low-Income Benefit <sup>1</sup>			
		Enrolled in Medicaid <sup>2</sup>		Not Enrolled in Medicaid	
		Income below 100% of poverty	Income above 100% of poverty	Income below 135% of poverty *	Income 135-150% of poverty
Premium in 2006	\$35/month (\$420/year)	None	None	None	Income-based sliding scale, \$0 to \$420
Deductible <sup>3</sup>	\$250	None	None	None	\$50
Asset Test	None	State rules apply	State rules apply	\$6,000 for an individual/ \$9,000 for a couple <sup>4</sup>	\$10,000 for an individual/ \$20,000 for a couple <sup>4</sup>
Beneficiary Copayment/ Prescription <sup>5</sup>	After meeting the deductible, you pay 25% up to \$2,250 in drug expenses	\$1/generic; \$3/brand <sup>4</sup>	\$2/ generic; \$5/ brand <sup>3</sup>	\$2 /generic; \$5/brand <sup>3</sup>	After the deductible, you pay 15% of the cost of covered drugs
Initial Coverage Limit <sup>3</sup> (start of "gap" or "doughnut hole")	Coverage stops after you have \$2,250 in drug expenses	No gap in coverage	No gap in coverage	No gap in coverage	No gap in coverage
Coverage Gap—when do you have no coverage?	There's no coverage for the \$2,850 between \$2,250 and \$5,100 in drug expenses	No gap in coverage	No gap in coverage	No gap in coverage	No gap in coverage
Catastrophic Coverage <sup>3, 6</sup> ("out-of-pocket threshold")	Coverage begins again after your out-of-pocket spending on Rx drugs reaches \$3,600—that's \$5,100 in drug expenses	No copay after total drug expenses reach \$5,100 in 2006 <sup>7</sup>	No copay after total drug expenses reach \$5,100 in 2006 <sup>7</sup>	No copay after total drug expenses reach \$5,100 in 2006 <sup>7</sup>	Copay changes after out-of-pocket spending on Rx drugs reaches \$808—that's \$5,100 in drug expenses
Copay after Catastrophic Coverage Begins	The greater of: • \$2/generic, • \$5/brand, or • 5%				\$2/generic and \$5/brand <sup>3</sup>

\* If income is below 135 percent of poverty but assets exceed limit below, may still qualify for the benefit provided for those with incomes 135-150 percent of poverty.

<sup>1</sup> Income calculations as a percent of poverty are based on the federal poverty level for an individual in the 48 contiguous states in 2003.

<sup>2</sup> Institutionalized Medicaid enrollees have no copays.

<sup>3</sup> Deductibles, coverage limits, catastrophic threshold, and \$2/\$5 copays increase annually after 2006 based on inflation in program drug spending.

<sup>4</sup> Low-income \$1/\$3 copayments and asset limits increase annually based on CPI-U.

<sup>5</sup> The benefit is only for "covered drugs": drugs covered by Medicare and on the formulary of the prescription drug plan you select.

<sup>6</sup> Spending on covered drugs that counts toward the out-of-pocket threshold includes what you spend, what family members spend on your behalf, and amounts covered by state pharmacy assistance programs. During gap, covered drugs are available at the plan's discounted price.

<sup>7</sup> Actual out-of-pocket spending will vary depending on each person's generic/brand drug mix.

