

The Medicare Drug Benefit: How Much Will You Pay?

These tables can help you estimate what you'll pay for prescription drugs under the new Medicare drug benefit. Table 1 outlines the Basic Benefit—that's what most people in Medicare will receive. However, if you are enrolled in Medicaid or have a low income and limited assets, you may qualify for added help. If you are enrolled in Medicaid, Table 2 outlines your 2009 Medicare drug benefits. If you are not in Medicaid but have a low income and limited assets, Table 3 will help you determine whether you might qualify for added help and, if so, what your benefits will be in 2009.

Table 1: Basic Benefits under Part D

Component	Basic Benefit in 2009
Premium	\$30.36/month (average) (\$364.32/year on average)
Deductible	\$295
Copayment	After meeting the deductible, you pay about 25% up to \$2,700 in drug expenses
Initial coverage ends and "gap" or "doughnut hole" starts	Coverage stops after you have \$2,700 in drug expenses
Coverage gap—when you have no coverage expenses	There's no coverage for the \$3,454 in drug between \$2,700 and \$6,154
Catastrophic coverage	Coverage begins again after your 2009 out-of-pocket spending on Rx drugs reaches \$4,350—that's when you've incurred \$6,154 in drug expenses
What you pay after catastrophic coverage begins	The greater of: • \$2.40/generic, \$6.00/brand, or • 5%

If you are enrolled in Medicaid, you qualify for added assistance.

Table 2:
How Much Will You Pay if You Are Enrolled in Medicaid?

Component	2009 Low-Income Benefit if Enrolled in Medicaid*	
	Annual Income below \$10,830 (individual) or \$14,570 (couple)	Annual Income above \$10,830 (individual) or \$14,570 (couple)
Premium	None	None
Deductible	None	None
Copayment	\$1.10/generic; \$3.20/brand	\$2.40/ generic; \$6.00/ brand
Initial coverage ends and “gap” or “doughnut hole” starts	No gap in coverage	No gap in coverage
Coverage gap—when you have no coverage	No gap in coverage	No gap in coverage
Catastrophic coverage	After your total 2009 drug expenses (what you paid plus what Medicare paid) reach \$6,154, your drugs are free for the rest of the year	After your total 2009 drug expenses (what you paid plus what Medicare paid) reach \$6,154, your drugs are free for the rest of the year

* If you are in a nursing home or other institution—even if it’s just for a brief stay—your drugs are free while you are there.

Note: Income levels are based on the federal poverty level for 2009. Income levels will go up every year based on changes in the federal poverty level. New income levels are usually announced in January.

If you are not enrolled in Medicaid, you may still qualify for added help, depending on your income and your assets.

Table 3:
How Much Will You Pay if you Are Not Enrolled in Medicaid?

Component	2009 Low-Income Benefit if Not Enrolled in Medicaid	
	Tier 1: Annual Income below \$14,621 (individual) or \$19,670 (couple)	Tier 2: Annual Income between \$14,621, and \$16,245 (individual) or \$19,670 and \$21,855 (couple)
Asset limit—how much you can have and still qualify*	Up to \$8,100 for an individual/ \$12,910 for a couple (If your assets are too high, you may qualify for the low-income benefit outlined in the column to the right.)	Up to \$12,510 for an individual/ \$25,010 for a couple (If your assets are too high, you only qualify for the basic benefit described in Table 1.)
Premium	None	Depends on Income
Deductible	None	\$60
Copayment	\$2.40/generic; \$6.00/brand	After the deductible, you pay 15% of the cost of covered drugs
Initial coverage ends and “gap” or “doughnut hole” starts	No gap in coverage	No gap in coverage
Coverage gap—when you have <u>no</u> coverage	No gap in coverage	No gap in coverage
Catastrophic coverage	Begins after your total 2009 drug expenses (what you paid plus what Medicare paid) reach \$6,154	Copay changes after your 2009 once you’ve incurred \$6,154 in drug expenses
What you pay after catastrophic coverage begins	Your drugs are free	\$2.40/generic; \$6.00/brand

Note: Income levels are based on the federal poverty level for 2009. In 2010, the income limits for low-income help will be slightly higher.

*“Assets” do not include the value of your house, one car, or some other non-cash assets, such as a wedding ring.

What Happens after 2009?

After 2009, the amounts that you have to pay will change.

- ◆ The deductible, the point where the doughnut hole begins, and the point where catastrophic coverage begins will all increase based on increases in Medicare's drug spending.
- ◆ The \$2.40 to \$6.00 copayments also will increase based on Medicare's drug spending.
- ◆ The \$1.10 to \$3.20 copayment will increase at the same rate as consumer inflation.

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