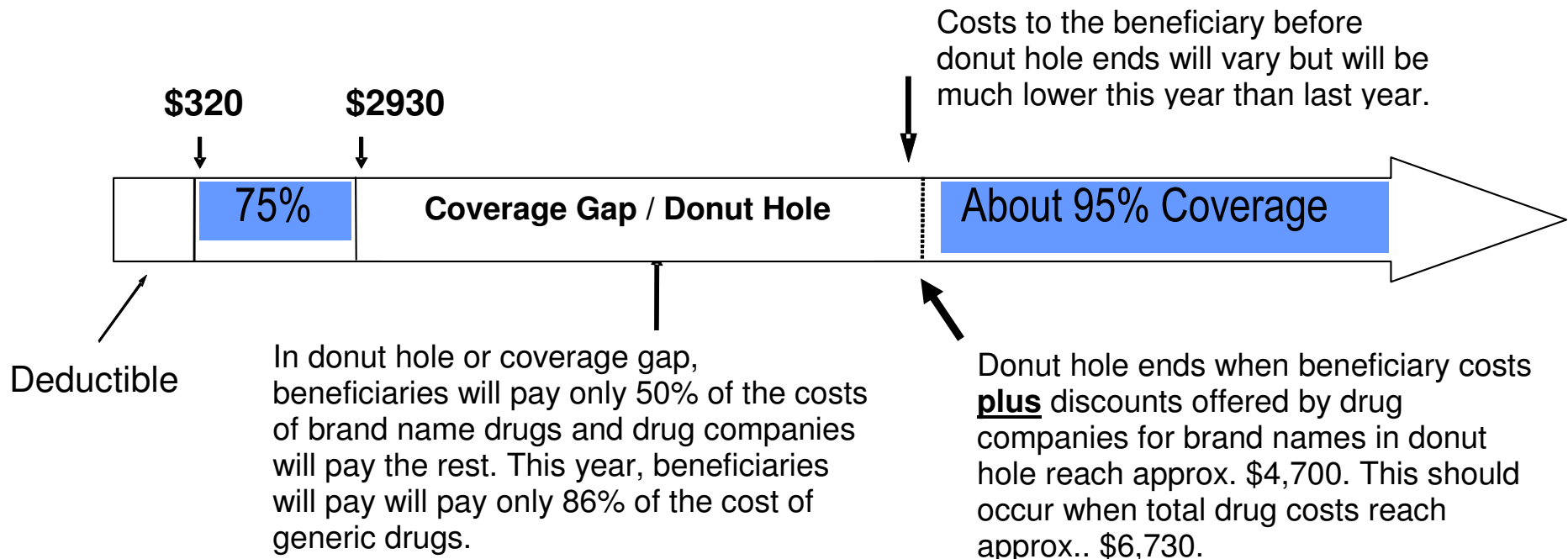


2012: Medicare Part D costs for a person without Medicaid or extra help



NOTE: The brand name discounts WILL NOT delay the end of the donut hole. Most beneficiaries with brand name drugs will see significant savings over the course of the plan year.

Many plans are different from this basic structure. See the Wisconsin Stand-Alone Prescription Drug Plans chart for an overview of the plans and their costs. The main parts of the plans are explained below:

- **Monthly premiums** are the amount the beneficiary pays each month to be in the plan.
- **Deductibles** are the amount the beneficiary pays for prescriptions *before* your coverage starts. Many plans have no deductible or a reduced deductible.
- **Initial Coverage Periods.** Plans have an initial coverage period after the beneficiary meets the deductible (if the plan has one). It lasts until the beneficiary's total prescription drug costs for the year (what beneficiary pays plus what plan pays) reach approximately \$2,930 or sometimes more depending on the plan.

In the initial coverage period, the beneficiary must pay co-insurance and/or co-payments. Most plans have drug tiers where defining what the beneficiary pays for drugs in different tiers. Usually, a generic drug is in the cheapest drug tier: tiers 1 and 2. Brand name drugs will usually be in higher tiers: tiers 3, or 4. You will pay more for higher tier drugs.

- **Coverage Gaps.** The Medicare Part D coverage gap is often called the "donut hole." The donut hole begins when the initial coverage period ends - when your total drug costs reach \$2,930 for 2012. This year, drug manufacturers agreed to pay for 50% of the cost of brand name drugs in the donut hole. The government will also subsidize the cost of generic drugs by 14%, so beneficiary responsibility will only be 86% of generic drugs. Beneficiaries must continue to pay the monthly premium. Many plans cover the costs of generic drugs during the coverage gap.
- **The coverage gap or donut hole will end earlier this year for most beneficiaries. In 2012, it will end once the amount the beneficiary has spent out of pocket on drugs, PLUS the amount of the discounts provided by the drug companies in the donut hole reach \$4,700.** During the coverage gap, the beneficiary must make sure that all of his/her drugs are covered and the plan knows that the beneficiary is paying for them in order for it to count toward the \$4,700 amount. All co-pays and amounts spent on drugs in the deductible count toward the \$4,700 amount. The plan should send notices to the beneficiary describing how far the beneficiary is toward the end of the donut hole. It is important to review this notice and ensure it is correct. Drugs purchased outside of the United States or received from Patient Assistance Programs do not count toward the \$4,700 amount.
- **Catastrophic coverage.** The plans all have the same catastrophic coverage. Once the donut hole ends, plans must provide catastrophic coverage where the beneficiaries pay \$2.60/\$6.50 co-payments or 5% coinsurance for covered drugs, whichever is greater, for the rest of the year.

Total annual drug costs will depend on the cost of an individual's particular drugs. Many individual who take all generics or few brand name drugs will never even reach the donut hole. Beneficiaries with many brand names may pay more, although the drug company discounts will significantly lower costs for these individuals. Total out of pocket costs for beneficiaries who reach the donut hole will vary depending on the proportion of an individual's drugs that are brand name versus generics.