



WV Citizen Action Group

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Groups Mark National Part D ‘Donut Hole Day’: Reports estimate 7 Million Nationwide and over 50,000 WV Seniors Risk Falling into the Part D ‘Donut Hole Trap’

Plus

A WV Senior shares problems created by Gap in Part D Coverage

Salem – WV During a press conference call today Seniors, civic and labor groups, and a state lawmaker discussed the problems and solutions to the Part D Prescription Drug Program focusing on the infamous “Donut Hole” gap in coverage in which seniors must pay 100% of their drug costs.

Robert Florian, a retired Salem College professor and Methodist Minister, revealed he didn’t know about the so-called “Donut Hole” gap in the Part D Rx program until he fell into it this summer. *“There was a lot of confusion at the beginning, but then I finally got enrolled in a plan that helped reduce drug costs for both me and my wife,”* related Florian. But that was before he fell into the Part D “Donut Hole” at the end of June. *“I was startled when I hit the coverage gap. I went down to my local pharmacy and instead of the \$28 co-pay for my diabetes medicine it was \$160. My Blood pressure prescription cost \$100 instead of the usual \$55,”* he added. When asked, he estimated he will not climb out of the “Donut Hole” until next year when the clock will start counting down again. In other words, for Mr. Florian Part D prescription coverage is really only half coverage since he will be paying out of pocket for his medications from July through December. Since drug costs are expected to continue their steep increases, Florian can expect to fall into the “Donut Hole” sooner in future years.

WV State Delegate Don Perdue, Chairman of the House Health and Human Resources Committee, and a working pharmacist, related, *“Generally seniors are not prepared for what happens when they enter the Part D ‘Donut Hole’ – its an alarming blow. Yesterday an elderly woman came in to pick up her usual medication, Nexium I believe it was, and instead of the usual co-pay of \$30 she was expecting to pay, she backed away and her face blanched saying ‘I can’t pay that!’ when handed a bill for \$129. This is scenario is becoming a regular occurrence as more of my customers fall into this nearly \$3000 gap in coverage.”*

Data from the newly released US House Ways & Means Committee minority report estimates 52,117 WV Seniors are at risk of falling into this expensive coverage gap, a full 81% of the WV seniors enrolled in a “Donut Hole” type plan. See for details:

http://www.house.gov/waysandmeans_democrats/health/doughnut_hole_part_2.pdf

A report prepared by the Institute for America’s Future shows the costly and confusing Part D plan has dire health and financial consequences for the 7 million Americans who are now about to fall into the

program's 'donut hole' -- a massive gap in coverage for those covered by the program whose annual drug costs are between \$2,250 and \$5,100.

West Virginians who fall into the 'doughnut hole' are forced to pay the full cost of their prescription drugs on top of their monthly premiums. The report -- entitled '*Falling into the Doughnut Hole: How Congress and the Drug Industry Created a Trap for American Seniors and People with Disabilities*' -- reveals that September 22nd is the date the average Medicare-eligible American will fall into the 'donut hole;' it also details how the gap will actually grow over time and the grim realities for the vast majority who can not escape it. See : <http://home.ourfuture.org/reports/medicare/0607-DoughnutHole.pdf>

Among the study's key findings of 'Falling into the Doughnut Hole':

- **Seven million Americans will fall into the Part D 'doughnut hole.'** According to the conservative estimates of the Kaiser Family Foundation, it is predicted that out of the 11.8 million Medicare enrollees whose plans include a coverage gap, nearly 7 million of these individuals will fall into the doughnut hole. This doesn't include the 4.2 million who didn't sign up for the benefit because it was so costly and confusing.
- **Part D 'doughnut hole' will actually grow and increase over time.** Reaching the catastrophic coverage threshold in 2006 requires \$5,100 in total drug spending, but this rises to \$5,596 in 2007 and \$6,158 in 2008. While the level of spending in the 25% coinsurance range will also increase, it does not increase at the same rapid rate as the catastrophic level increases. As a result, the total size of the doughnut hole gap in coverage will rapidly increase over time and engulf more and more Americans.
- **September 22nd marks national 'Doughnut Hole Day.'** The millions of Americans with Part D coverage have different spending patterns and prescription drug needs, but the average Medicare enrollee's total drug spending for 2006 is estimated to be \$3,081. Accordingly, this means that an average Medicare beneficiary who enrolled in a stand-alone drug plan on Jan. 1st would be paying \$257 dollars a month and would fall into the doughnut hole on Sept. 22nd.
- **Part D 'doughnut hole' has fatal health consequences.** 55 percent of Americans who enter the doughnut hole will be unable to escape it. A study in the *New England Journal of Medicine* examined the effects that capping prescription drug benefits had on seniors in the Medicare +Choice plan in 2003 and found that seniors who reached this cap, which would be very similar to falling into the doughnut hole, were more likely to skip doses of treatments, less likely to visit hospital emergency departments, and, sadly, died sooner. It was discovered that their annual mortality rate was 22% higher than those without such a cap on benefits. *Additionally, the increase in frequency and length of hospital visits caused by their deteriorating health actually increased costs overall for the insurance companies.*

"Part D was written by and for the big drug and insurance companies: there's no other reason why the 'doughnut hole' exists for thousands of West Virginia seniors," commented Gary Zuckett of WV Citizen Action, "Congress must support meaningful legislation to fix to Part D to make it simple, affordable and guaranteed. There's no better way to achieve this than to require Medicare to negotiate lower prices from drug companies, just as the Veterans Administration does for veterans. A study done by Families USA this summer discovered that the VA pays about half the cost for the same commonly prescribed drugs. This savings could and should be used to plug the "Donut Hole" that plagues our seniors and threatens their health"