

## Medicare Part D: Standard Beneficiary Cost-Sharing (2006)

Type of Cost	Amount Beneficiary Pays Out-of-Pocket	Amount Medicare Pays	Total Costs
<b>Annual Deductible</b>	\$250	\$0	\$250
<b>Co-Insurance<sup>1</sup></b>	25% of drug cost up to \$500 out-of-pocket	75% of drug cost up to \$1,500	\$2,000
<b>Doughnut Hole Costs<sup>2</sup></b>	100% of drug cost up to \$2,850 out-of-pocket	\$0	\$2,850
<b>TOTAL</b>	<b>Out-of-Pocket: \$3,600</b>	<b>Medicare: \$1,500</b>	<b>Out-of-Pocket + Medicare: \$5,100</b>
<b>Co-Insurance under Catastrophic Benefits<sup>3</sup></b>	Greater of 5% of drug cost or \$2 or \$5 co-pay	Balance of drug cost	

Note: Beneficiaries will pay a monthly premium, which is expected to be around \$32.00. Total out-of-pocket spending for prescription drugs by the beneficiary does not include the monthly premium.

<sup>1</sup>The beneficiary pays 25% of prescription drug costs (\$500 out-of-pocket) up to \$2,000 in total prescription drug costs. Medicare pays up to \$1,500 of the beneficiary's prescription drug costs and the beneficiary pays \$500 out-of-pocket.

<sup>2</sup> Only beneficiary's "true" out-of-pocket expenditures, payments from the low-income subsidy or extra help, contributions from friends, relatives, and certain charitable foundations count towards the doughnut hole maximum. Any amount paid by other insurance may not be counted towards the doughnut hole maximum. Likewise, any payments for non-covered prescription drugs do not count.

<sup>3</sup> The catastrophic benefit is reached once the beneficiary has spent \$3,600 out-of-pocket and Medicare has spent \$1,500 (in 2006) for a total of \$5,100 in prescription drug costs. (Total out-of-pocket spending does not include the monthly premium.)