

Rx Watchdog Report

Shining a light on the cost and quality of prescription drugs

New Doughnut Hole Calculator Steers Part D Enrollees to Less Expensive Medications

Summer is the time of year when many people in Medicare Part D fall into the infamous “doughnut hole.” The doughnut hole is a coverage gap in the Medicare Part D benefit that requires enrollees to pay all of their medication costs. For some, the added Rx costs are unexpected or unpredicted; for many, being in the doughnut hole is simply unaffordable.

This year, the doughnut hole need not be as burdensome as before, thanks to AARP’s new Doughnut Hole Calculator. This online interactive tool, available at www.aarp.org/doughnuthole, guides consumers to options for reducing their Part D spending by identifying less costly generic or therapeutically similar alternatives.

About one in every four Part D enrollees, not enrolled in low-income subsidies, who filled one or more prescriptions in 2007—some 3.4 million people—fell into the doughnut hole, according to a Kaiser Family Foundation report. On average, patients’ out-of-pocket drug spending *doubles* when they reach the doughnut hole. And 16 percent of the people in the coverage gap stopped taking medications or reduced their use of important medications after they reached the coverage gap. Generalized to the entire population of Part D enrollees, Kaiser’s research suggests that 14 percent reached the gap.

Developed with DestinationRx, the company that developed Medicare’s online Drug Plan Finder, AARP’s Doughnut Hole Calculator allows people to find cost savings based on the actual drugs they take and the specific Medicare Part D plan in which they are enrolled. The less expensive medication options generated by the Calculator are created using a number of widely respected scientific sources

such as the Oregon Health and Science University’s Drug Effectiveness Review Project and peer-reviewed journal articles. The users of the Calculator do not need to register their personal information, and their self-entered medication data are not saved, assuring privacy.

“The best part of the tool is how easy it is to use,” said David Gross, a manager with AARP’s Education & Outreach group that developed the Calculator in collaboration with Web designers, health policy and pharmacy experts, and others across the Association. “Just fill in your zip code, list your drugs and choose your health plan from the list

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that comes up, and you’ll find out how long your initial coverage will last before you hit the doughnut hole. For many medications, the tool provides up to three less expensive, but equally effective, medications you can discuss with your doctor.” Lipitor, for example, has no generic version available; however, three other cholesterol-lowering drugs might be options for the patient to discuss with her doctor: lovastatin, pravastatin sodium, and simvastatin. Indeed, one of the most useful features of the Calculator is that it prints letters that enrollees can take to their doctor for each prescription medication that has less expensive alternatives.

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www.aarp.org/doughnuthole

AARP.org Enter Search Terms **SEARCH**

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HEALTHY LIVING CONDITIONS & TREATMENTS DOCTORS & HOSPITALS INSURANCE &

DOUGHNUT HOLE CALCULATOR

1 SELECT PLAN 2 ENTER DRUGS 3 VIEW REPORT 4 SEE OPTIONS POWERED BY DestinationRx

STEP 1: SELECT YOUR PLAN

WANT TO AVOID THE MEDICARE DRUG COVERAGE “DOUGHNUT HOLE”?
If you have Medicare Part D, you may be at risk of falling into the coverage gap, or “doughnut hole.” Follow this four-step tool and save money!

ZIP Code: **SEARCH**

Step 1: Select Plan

DOUGHNUT HOLE CALCULATOR

1 SELECT PLAN 2 ENTER DRUGS 3 VIEW REPORT 4 SEE OPTIONS POWERED BY DestinationRx

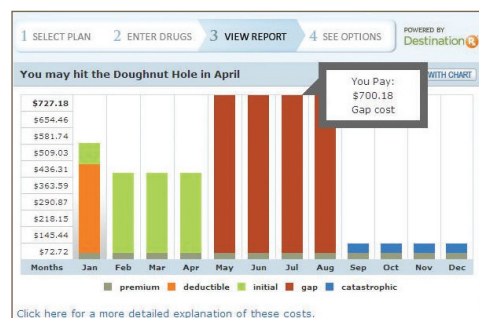
Click on the plan you have.

ZIP Code: **SEARCH**

Show plans only for Carrier:

Plan Name	Carrier	Plan Type
AARP MedicareComplete Plus	SecureHorizons by UnitedHealthcare	MAPD
AARP MedicareRx Enhanced	UnitedHealthcare	PDP
AARP MedicareRx Preferred	UnitedHealthcare	PDP
AARP MedicareRx Saver	UnitedHealthcare	PDP
Advantage Freedom Plan by RxAmerica	RxAmerica	PDP
Advantage Star Plan by RxAmerica	RxAmerica	PDP

Step Two: Enter Drugs



What This Graph Means:
The bar graph above shows the amount you can expect to pay out of pocket each month under your particular Part D plan, according to the medications you’ve entered.

Step 3: View Report

Your Medicine Cabinet WALLET SIZE DRUG LIST | EDIT

	Ambien CR TAB 6.25MG 30 TBCR per month Tier: 3 Step Therapy Quantity Limit	Any options to save?
	fluoxetine hcl CAP 20MG 30 CAPS per month Tier: 1	Any options to save?
	Glucophage XR TAB XR 500MG 30 TB24 per month Tier: 3	Any options to save?
	Lipitor TAB 40MG 30 TABS per month Tier: 2	Any options to save?
	Norvasc TAB 10MG 30 TABS per month Tier: 3	Any options to save?
	Zofran TAB 8MG 8 TABS per month Tier: 3 Prior Authorization	Any options to save?

Step 4: See Options

New Doughnut Hole Calculator continued

How it works:

Step One: Select Plan. The user types in a zip code, and the Calculator lists all the possible Part D plans that serve that zip code. The user chooses their plan.

Step Two: Enter Drugs. The user types in the exact name of the drug (either the brand or generic name) and selects the relevant dosage. When their "Medicine Cabinet" contains all the prescription medications they take routinely, the user clicks "NEXT."

Step Three: View Report. The report produces a graph that shows when the patient may hit the doughnut hole, what the annual costs are, broken down by the month and by medication, and what the premium, deductible, initial coverage, and catastrophic coverage looks like.

Step Four: See Options. This is where the user can explore whether there are any other options to save money for each medication. If there is, up to three options are shown, and a letter for the doctor can be printed out that lists the original medication, the less expensive options, and all the other medications that were listed.

The Calculator will recalculate the medication expenses each time the user selects a less expensive medication (by clicking on "View Total Savings"). Sometimes, if therapy changes are made, the user can avoid the coverage gap altogether! The tool is also useful for people who aren't at risk of hitting the doughnut hole by making it possible for them to find ways to reduce their out-of-pocket expenses

through less expensive generics or therapeutically similar choices.

A Unique Tool

Since AARP worked directly with the designers of the Medicare.gov plan finder, Destination Rx, the Doughnut Hole Calculator draws the drug pricing information directly from the Medicare.gov database, with the permission of the Centers for Medicare & Medicaid Services at the Department of Health & Human Services. This allows for as close to accurate pricing as possible, given that the person using the Calculator is not drawing his or her actual claims data from the Part D plan. This Calculator also provides more than generic substitutions: for many prescription medications that are not yet available as generics, the tool generates therapeutically similar alternatives, a unique function among online tools. Only AARP offers this free, online, interactive tool as a public service.

To use the Calculator for a test case, select your own zip code, and a plan at random. Then enter in some commonly prescribed medications: for example, Lipitor to lower cholesterol, Glucophage for diabetes management, Norvasc to control blood pressure, Prozac for depression, and Aricept for dementia. A patient on this combination of prescription drugs on a particular Part D Plan would enter the doughnut hole in October of 2009. By "switching" to generic or therapeutically similar choices for just two of these medications, the enrollee avoids the doughnut hole altogether.

If a particular enrollee had the misfortune to be diagnosed with an illness like

lymphoma or rheumatoid arthritis in a given year, he or she might be prescribed a medication made from natural organisms, called a biologic, which remains branded, never to enter the market with a generic equivalent. Add a biologic medication like Gleevec (used to treat lymphoma), and watch the entrance into the doughnut hole occur in the first months of the year. It's a real eye opener to click on the detailed **Explanation of Monthly Drug Costs** to see the **Out-of-Pocket Costs**, then the **Total Drug Cost**. For one particular plan, the biologic Gleevec cost the patient \$961.25 during the initial coverage level, \$192.25 during the catastrophic coverage period, and the total cost is still \$3,845.00 per month. The Part D plan picks up whatever the patient isn't paying. If generic equivalents of biologic drugs like Gleevec were available, the Calculator shows just how substantial would be the savings.

The Calculator also encourages users to learn medication coverage terms like "Step Therapy," and "catastrophic coverage." The enrollee can choose a nearby bricks and mortar pharmacy that serves their zip code, and print out a wallet-sized drug list, if they choose. There's a link to an application for the Medicare Extra Help Program, and one to encourage users to join an AARP.org online community discussion of the tool and Part D in general for feedback, trouble shooting, and creative problem-solving for Part D issues. This Calculator may not close the coverage gap, but it will inform Part D participants of options where available, and gives them the tools they need to pursue them. ■

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