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ELDER LAW MINUTE

About this time each year, if you stop by a pharmacy you will hear older adults complaining about the cost of their medications. Why is it at this time of year? Because most Medicare Part D drug plans have what is colloquially known as a doughnut hole designed into their coverage.

Most of these plans provide 75 percent coverage after the insured meets the annual deductible of about $300. However, after the insured has incurred charges of about $2,700 during the year, he reaches the doughnut hole where he loses this coverage. It is called the doughnut hole because there is coverage again on the other side of the gap after the insured has spent $3,454 of his own funds on medications.

H.R. 3200, one of the five health care reform proposals which is being considered by Congress, contains several changes to Medicare Part D. Included in these changes is a proposal to phase out the unpopular doughnut hole. While this provision would increase Part D premiums, which currently are about $28 per month, enrollees would receive greater protection against the high cost of drugs.

The Congressional Budget Office projects that the reduction in co-payments would outweigh the increase in premiums for most older Americans so that the total spending on medications would decline. However, if you or your client is a Part D participant who spends very little at the pharmacy, this change will end up costing you more.

Remember that open enrollment for Part D Drug plans begins November 15, so if your clients are complaining to you about the doughnut hole, now is the time to start investigating alternatives.