

# Seniors in Medicare's doughnut hole decrease use of meds

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Beneficiaries enrolled in Medicare Part D who reached a gap in health care coverage known as the "doughnut hole" were much less likely to use prescription drugs than those with an employer-based plan, according to a University of Pittsburgh Graduate School of Public Health study.

The findings, published in the Feb. 3 online issue of *Health Affairs*, raise concerns about health consequences and increased costs from hospitalizations and physician visits that may arise from lack of coverage. To protect seniors, the authors suggest a change in policy that would mandate the coverage of generic drugs in the doughnut hole through a modest increase in initial prescription co-pays.

Medicare Part D, which offers prescription drug coverage for Medicare beneficiaries, took effect in January 2006. A controversial aspect of its design is the doughnut hole, a gap in coverage of prescription drugs that in 2006 occurred when annual individual drug expenditures reached \$2,250. The purpose of the annual spending cap is to keep the cost of the program within federally approved limits. Since its inception, "there have been few studies to tell us what happens to beneficiaries once they enter the doughnut hole," said the study's lead author, Yuting Zhang, Ph.D., assistant professor of health economics at the University of Pittsburgh Graduate School of Public Health.

Dr. Zhang and colleagues compared two groups of senior citizens with Medicare drug coverage provided by a large Pennsylvania insurer in 2006. One group was covered through more generous employer-sponsored plans with full coverage in the doughnut hole and the other was covered through Medicare Advantage prescription drug plans (MA-PD) with either no doughnut hole drug coverage or generic coverage only.

They found that one in four (25 percent) of

Pennsylvanians enrolled in an MA-PD reached the doughnut hole, but only one in 20 (5 percent) of that subset of individuals went on to reach the catastrophic phase of coverage - when annual drug spending reached \$5,100 and Part D coverage of drugs resumed.

In addition, Medicare beneficiaries who lacked coverage in the doughnut hole reduced their monthly prescriptions by 14 percent per month once they entered the doughnut hole. Those with generic coverage in the doughnut hole decreased their monthly prescriptions by only 3 percent, and those who were enrolled in employer-based plans had no changes in monthly prescriptions when they reached the doughnut hole spending level.

The study also found that Medicare beneficiaries with diabetes were more likely to reach the doughnut hole than those with hypertension, and they reached it sooner. Those with more than one chronic illness also were much more likely to reach the doughnut hole - 34 percent with both hypertension and diabetes reached it, and 61 percent of those with hypertension, hyperlipidemia, congestive heart failure and diabetes did so.

"Our findings raise concerns about whether people with chronic illnesses who lack doughnut hole coverage are able to effectively manage their conditions," said Dr. Zhang. "Without needed prescriptions, we could potentially see an increase in hospital and physician costs."

To fill the gap, Dr. Zhang and colleagues suggest mandating the coverage of generic drugs in the doughnut hole and off-setting government costs by allowing plans to assess larger co-pays on prescription drugs prior to entering the doughnut hole. Increasing the current initial 25 percent co-pay by 6 to 9 percentage points, they suggest, would finance generic drug coverage in the doughnut hole with up to \$10 co-pay for each monthly prescription, thus providing needed

protection to seniors who would otherwise face a gap in coverage.

Source: University of Pittsburgh Schools of the Health Sciences

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