

Death of the Donut Hole

(2004-2020)



Donut Hole recently passed away in Washington, DC as a result of the new health care reform law. While the death has been confirmed, Donut Hole did not have an advance directive, so Donut Hole will be on life support until 2020. Donut Hole is temporarily survived by one family member, the Medicare Advantage Plan.

Lobbyists across the United States are mourning the loss of one of their most successful efforts. Lobbyists convinced Congress in 2004 to enact Medicare Part D without paying the 50 billion dollar per year cost. Lobbyists also convinced Congress to prohibit Medicare from using Medicare's volume purchasing power to negotiate discounted prices from pharmaceutical companies.

The death of the Donut Hole begins in 2010 and ends, mercifully, in 2020. The Donut Hole is the gap in the Part D prescription benefit plan when you have to pay 100% of the cost of your prescriptions. For most plans in 2010, this begins when you and your plan have paid \$2,830 and ends when your total out-of-pocket costs paid during a calendar year for covered drugs reaches \$4,550.

Those reaching the Donut Hole in 2010 will automatically receive a payment of \$250 to help with the costs of drugs while in the Donut Hole. You do not have to do anything to receive this payment.

Those reaching the Donut Hole in 2011 will only pay 50% towards the cost of name-brand drugs, while 100% of the cost will count towards the Donut Hole maximum cost. This percentage is increased to 75% in 2020.

Seniors in the Donut Hole will soon receive sufficient help with the cost of prescription drug coverage, so they do not have to choose between buying food or filling their prescriptions.

The funeral expenses are being paid by the pharmaceutical industry. The funeral costs are 80 billion dollars over the 10-year death period! This voluntary payment keeps the restriction that prohibits Medicare from negotiating a discount on the drugs purchased by Medicare from the pharmaceutical industry.

Preferred memorials are to your favorite lobbyist. Calling hours will be scheduled in 2020 when the Donut Hole is finally removed from life support.

Keith P. Huffman

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