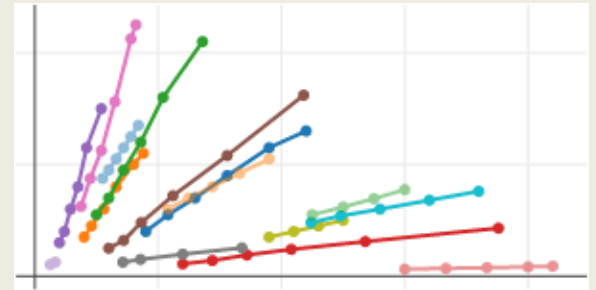


Medicare Part D: TrOOP (True Out-Of-Pocket) Costs



Pantea Ghasemi, USC Pharm.D. Candidate of 2015

Preceptor Dr. Craig Stern

Pro Pharma Pharmaceutical Consultants, Inc.

May 1, 2015

Objectives

1. Review background information on Medicare Part D
2. Discuss TrOOP costs, coverage gap, and catastrophic coverage
3. Example of TrOOP cost
4. Review what it all means
5. Summary

Medicare Part D

- Created by the Modernization Act of 2003
- It is a voluntary outpatient drug benefit for seniors (age > 65 years old)
- It is delegated to private sectors
- Includes:
 - **Prescription Drug Plan (PDPs):** Private plans that offer drug-only coverage
 - **Medicare Advantage Plans (MA-PD):** Plans that offer both prescription drug and health coverage

TrOOP (True Out-Of-Pocket) Costs

- It is the beneficiary **annual cost-sharing** for Medicare Part D benefits before catastrophic coverage begins
- Several **different payments** contribute to TrOOP
- CMS uses NDC Health to monitor TrOOP costs on a pharmacy level
- Beneficiaries receive Explanation of Benefits (**EOB**) when they fill prescriptions covered by their plan which provides up to date TrOOP costs

Components of TrOOP Cost

In addition Patient pays monthly
Premiums in every stage

Deductible

Initial
Coverage

Coverage
Gap/Donut
Hole

Catastrophic
Coverage

TrOOP Costs: Deductible and Initial Coverage

- **Deductible:**
 - The amount patient pays out of pocket for cost of medication or health care services
- **Initial Coverage:**
 - Once meet deductible
 - Patients pay 25% of drug cost
 - Benefit for the patient is they pay their copayments (with discounts)

TrOOP Costs: Coverage Gap/Donut Hole

- Temporary limit on what drug plans will cover for drugs
- In this stage, patients are responsible to pay for certain percentage of the drug cost
- Affordable Care Act states that patients no longer are responsible for full cost and will be given discounts to avoid entering the donut hole

TrOOP Costs: Catastrophic Coverage

- Covers essential benefits after TrOOP costs reaches a high deductible (\$4,700 in 2015)
- Once reached patient will be responsible for **5%** of drug costs (\$2.65 for generics or \$6.60 for brand-name drugs)
- Designed to protect patients from financial disaster in medical emergency

TrOOP Costs: Included and Excluded Payments

Included:	Excluded:
Annual Deductible (amount beneficiary pays for covered prescriptions before drug plan begins to pay)	Monthly drug plan premiums
Co-insurance during initial coverage period	The share of the cost of the drug paid by a Medicare drug plan
Any payments for covered prescription drug during coverage gap	Drugs purchased outside the U.S.
	Drugs not covered by the plan
	Over-the-counter drugs or vitamins (even if they are required by the plan as part of step therapy)

TrOOP Costs: Included and Excluded Payments Made by

These costs <i>count</i> towards TrOOP if made from:	Payments <i>don't count</i> towards TrOOP if made from:
Family Members or Friends	Federal Employees Health benefit Program (FEHBP) or union retiree coverage
Qualified State Pharmacy Assistance Programs	Government-funded health programs: Medicaid, TRICARE, Worker's Compensation etc
Medicare's Extra Help (low-income subsidy)	Other third party groups with a legal obligation to pay the person's drug costs
Charities or Indian Health Service	Patient assistance Programs (PAPs) operating outside of Part D benefit
AIDS Drug Assistance Programs	
Drug Manufacturers providing discounts under coverage gap discount program	

Example of TrOOP Cost

	Actual Drug Cost	Medicare Pays	Beneficiary Pays	Total Paid
Deductible	\$0- \$320	\$ 0	\$ 320	\$ 320
Initial coverage	\$320.01- \$2960	\$ 1980 (75% of drug cost)	\$ 660 (25% of drug cost)	\$ 980 (\$ 320 + \$ 660)
Coverage Gap/Donut Hole	\$2960.01- \$6680	\$ 0	\$ 3720 (100% drug cost)	\$ 4,700 (\$ 980 + \$ 3720)
Catastrophic Coverage	Cost > \$ 6680.01	~ 95%	~ 5%	Varies

TrOOP Cost: \$ 4,700

What does this all Mean?

- **Pharmacist's Role:**

1. Provide education to patients about components of TrOOPs and why their medication cost is high
2. Provide over-the-counter switches
3. Change brand with preferred generic or change a brand to preferred brand
4. Save patient adverse events from a medication that is not need for the patient
5. Save money for the patient by preventing them to enter the donut hole

Summary

- Patients need to understand the different components to a **Medicare drug coverage plan**
- TrOOPs Cost has **many components**
- Educating patients will help to prevent patients from spending a lot of money on medications
- Overall by educating and recommending alternative cost saving therapies to patients will help to **save health care cost**

References

1. Center for Medicare and Medicaid. “Understanding True Out-of-Pocket Costs.” CMS Product No. 11223-P. Revised November 2014, 1-4.
2. Department of Health and Human Services. “Closing the Coverage Gap- Medicare Prescription Drugs Are Becoming more Affordable.” Center of Medicare and Medicaid Product No. 11493. Revised January 2015, 1-8.
3. Medicare.gov. “TrOOPs costs fact sheet, Coverage gap and catastrophic coverage fact sheet.” Center for Medicare and Medicaid Services. Updated 2015. Medicare.gov
4. Stern C. “Chapter 23, Medicare Part D Benefit.” Health Insurance Answer Book 11th edition, Wolters Kluwer Publishers, 2013.

Thank you!

Any Questions?

