

# Medicare 'Doughnut Hole' Causes Seniors to Skip Diabetes Meds

January 7 2010, By Katherine Kahn

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Medicare recipients with diabetes who have a gap in their Part D prescription drug benefits -- known as the “doughnut hole” -- have higher out-of-pocket drug costs and are less likely to stick to their medications than those who have supplemental drug benefits, a new study confirms. Surprisingly, generic-only drug plans to cover the gap only modestly improve the situation.

The study, by Vicki Fung, Ph.D. and colleagues from Kaiser Permanente and the David Geffen School of Medicine at UCLA, appears online in the journal *Health Services Research*.

In 2006, the [Medicare](#) Part D program expanded prescription drug benefits to millions of beneficiaries. Part D prescription drug coverage for 2006 included up to \$2,250 in total drug costs — what the patient and plan had both paid —after which point, beneficiaries entered the doughnut hole, where Medicare paid nothing toward drug costs, until the beneficiary reached \$3,600 in total annual out-of-pocket drug expenses.

“The [doughnut hole] is intended to encourage patients to use drugs more judiciously and save money,” Fung said. “But it may also create financial barriers to using necessary medications.”

Diabetes treatment typically requires multiple medications. Beneficiaries with diabetes are likely to reach the doughnut hole sooner than are those who do not have [chronic diseases](#).

The researchers looked at the effect of Part D coverage gap on drug costs and [medication adherence](#) — whether beneficiaries filled their prescriptions at least 80 percent of the time — in two large health systems that offered [Medicare Part D](#) plans.

“We found that having a gap was associated with lower total drug spending among [diabetes](#) patients compared with having no gap,” Fung said. “However, at least some of these cost savings were due to beneficiaries reducing their use of chronic medications, which may result in worse health outcomes.”

The study also found that beneficiaries with a gap had much higher out-of-pocket drug costs while in the gap compared to beneficiaries with gap coverage.

When comparing plans that offered generic-only medication coverage and plans with a gap, researchers found only slightly lower out-of-pocket spending in the group with generic-only drug coverage and no differences in medication adherence.

“We were surprised to find that both groups appeared to reduce the use of chronic medications by a similar amount after reaching the gap,” Fung said.

Bruce Stuart, Ph.D., executive director of the Peter Lamy Center for Drug Therapy and Aging in Baltimore, has one explanation: in 2006, Wal-Mart introduced 30-day supplies of generic drugs for \$4. “The co-payment for generic drugs is \$8.50 to \$10 for the group with generic-only gap coverage. This is just too big a difference in cost. The Medicare generic drug benefit isn’t worth anything for many people,” he said. In addition, Stuart said the study might actually have underestimated the effects of the gap on beneficiaries.

Part D has undoubtedly improved coverage for millions of elderly and disabled Americans, Fung said. However, she cautions, “As with any new program, it is important to be vigilant for intended and unintended effects.”

**More information:** Fung V, et al. Falling into the coverage gap: Part D drug costs and adherence for Medicare Advantage Prescription Drug Plan beneficiaries with diabetes. Health Services Research online, 2010.

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