



HEALTH CARE *and you*

The New Health Care Law:

The \$250 Doughnut Hole Rebate

People with Medicare Part D who reach the gap in their prescription drug coverage this year will automatically receive a \$250 rebate check. This one-time payment in 2010 will help three million people to pay for the prescription drugs they need.

The Secretary of Health and Human Services has announced that the first group of rebate checks will be mailed starting June 15, 2010. Checks will continue to be mailed as more people reach the coverage gap, also called the “doughnut hole.”

These rebate checks will go to people on Medicare Part D once they have spent \$2830 (“the initial coverage limit”) in out-of-pocket drug costs for the year.

Some Things You Need to Know

- You do not need to do anything to get your check. The check will come to you

automatically about three months after you reach the Medicare Part D coverage gap. You do not have to do anything to prove that you have paid more than \$2830 in out-of-pocket drug costs. Medicare tracks these costs for you.

- Because the checks are sent automatically, avoid anyone who promises to “help” you get your check. Scammers may say you can get your check more quickly if you pay them a fee. Immediately report this scam or any similar fraud to the police or to your Attorney General. You can find the Attorney General’s phone number in the blue pages of the telephone book or online at www.naag.org/current-attorneys-general.php.

- A paper check will be mailed to the address Social Security uses to reach you. If you need to change your address, please call Social Security at 1-800-772-1213. If you prefer, a change of address may also be reported by calling or visiting your location Social Security office. You can find contact information at www.ssa.gov/locator.
- You may be able to avoid the gap in your coverage and save money on your drugs. Use AARP's Doughnut Hole Calculator at www.aarp.org/doughnuthole. The calculator will show you if you will fall into the doughnut hole this year. It also identifies less costly drugs available in your Part D plan. This may help you save money by delaying when you reach the doughnut hole or by keeping you out of the coverage gap altogether.
- Starting in 2011, if you reach the coverage gap you will get a 50 percent discount on brand-name drugs and a 7 percent discount on generic prescription drugs, but the full cost of the drugs will be applied toward getting you through the doughnut hole. By 2020, the gap will be eliminated entirely. That means

that people who now pay 100 percent of their drug costs in the doughnut hole instead will pay a copayment or coinsurance of no more than 25 percent. Rather than the doughnut hole, you should pay a fairly consistent co-payment or co-insurance all the way up to the catastrophic limit. If your drug needs go beyond the catastrophic limit, your portion will be limited to a 5% coinsurance for your drug costs.

Check www.aarp.org/getthefacts frequently for the latest information.