

OAST & HOOK

Offices in
Portsmouth and
Virginia Beach, Virginia
Tel: 757-399-7506
Fax: 757-397-1267
Web: www.oasthook.com



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Editor
Sandra L. Smith
Attorney at Law

ESTIMATING THE MEDICARE PART D “DOUGHNUT HOLE”

In the November 24, 2006, issue of the *Elder Law News*, Oast & Hook addressed the current enrollment period for Medicare Part D. When evaluating Medicare Part D plans so you can either enroll for the first time or change plans, it is important to determine your potential coverage gap, also known as the “doughnut hole.” For 2007, the doughnut hole will begin when the senior’s drug plan has spent a total of \$2,400 for the year. The senior then has to pay for all of the senior’s drug costs until the senior’s out-of-pocket expenses reach \$3,850 for the year, and after that point, the senior has to pay only 5% of the additional drug costs. Until October of 2006, there was no good way to compare plans to determine when during the year the doughnut hole will be reached under each plan.

The Medicare website, www.medicare.gov, now has a cost estimator that can provide monthly and annual spending estimates. The estimates are based on the drugs that seniors take and the pharmacies they use. The cost estimator includes the costs to seniors and to their plans; these are the two factors that determine when the doughnut hole will kick in. Seniors will now be able to get a rough idea of when that will happen under each plan in their area.

Seniors have only a few weeks left in the current enrollment period to change plans or to sign up for the Part D benefit. The cost estimator can assist seniors, especially those with high drug costs, in deciding whether to stay with their current plan or to change to another plan. Generally, drug plans that were able to negotiate lower prices with drug manufacturers will have coverage gaps that occur later in the year than plans that pay more for drugs. Plans with later coverage gaps may mean lower out-of-pocket costs for their beneficiaries.

To use the cost estimator, click on the “Compare Drug Plans” link on the Medicare website, then click on “Find and Compare Plans.” You can then perform either a personalized search or general search for drug costs, and

enter the lists or names of the drugs you use. The estimates (shown in chart form with detailed explanations) are at the end of the page, along with the details of the various Part D plans offered in the state. The site is updated every two weeks, and Medicare officials say that the figures should be close to what seniors see after each pharmacy purchase. Seniors should remember that plans can change drug prices during the year, so their actual spending might be higher or lower than estimated.

If you need assistance in choosing or changing a Medicare Part D plan, then please contact Oast & Hook for a Medicare Part D consultation. Oast & Hook can help you navigate through the Medicare website, and use the cost estimator to help find the best plan for your current situation.

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Oast & Hook is an elder law firm. We represent older persons, disabled persons, their families, and their advocates. The practice of elder law includes estate planning, investment and insurance advice, estate and trust administration, powers of attorney, advance medical directives, titling of assets and designations of beneficiaries, guardianships, conservatorships, and public entitlements such as Medicaid, Medicare, Social Security, and SSI, disability planning, income tax planning and preparation, bill paying, account management and reporting, care management, and fiduciary services. We also handle litigation involving these issues, such as will contests and estate administration disputes. For more information about Oast & Hook, please visit our website at www.oasthook.com.

Oast & Hook is the Virginia member of the Special Needs Alliance, a nationwide network of disability attorneys. As members of this alliance, we assist personal injury attorneys in resolving their cases to enhance the judgments and awards of their disabled clients and to maintain the eligibility of these clients for SSI and Medicaid. We are experienced in protecting the public benefits of persons with special needs and in assisting with the management of their assets. For more information about the Special Needs Alliance, visit its website at www.specialneedsalliance.com.

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