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MOST ESRD PATIENTS WILL FALL INTO THE MEDICARE “DOUGHNUT HOLE”

Kidney Patients Face High Drug Costs under Part D Plans

Washington, DC (August 2, 2006) — Medicare beneficiaries with end-stage renal disease (ESRD) are a high-risk group for increased medication costs related to a gap in coverage—the so-called "doughnut hole," or lack of prescription drug benefits between \$2,251 and \$5,100 in medication expenses—in the Medicare Part D prescription drug benefit, suggests a study in the September *Journal of the American Society of Nephrology*.

People with ESRD have permanent loss of kidney function requiring dialysis or kidney transplantation. "The majority of ESRD beneficiaries will have medication costs that land them in the 'doughnut hole,'" comments Dr. Uptal D. Patel of Duke University, the study's lead author. "However, nearly half will not receive catastrophic coverage that would provide relief from high drug costs." Previous studies have found that ESRD patients take an average of 8 to 13 drugs—far more than most other Medicare beneficiaries.

To estimate Part D's impact on adults with ESRD, the researchers analyzed survey data on prescription drug use and costs for nearly 42,000 Medicare beneficiaries. Estimated 2006 drug costs for beneficiaries with ESRD were about \$6,500—more than twice as high as the \$2,700 figure for those without ESRD.

Overall, Part D reduced out-of-pocket drug costs for beneficiaries with and without ESRD. A sharp reduction in costs was expected for beneficiaries who previously had no prescription drug coverage. Those who had employer-sponsored drug coverage were likely to have a substantial increase. However, because of their higher overall drug costs, patients with ESRD were more likely to reach the Part D coverage gap. Seventy percent of ESRD beneficiaries were estimated to fall into the "doughnut hole," compared with 43 percent of non-ESRD patients. Patients with ESRD were three times more likely to reach the "catastrophic" threshold—39 percent vs 14 percent.

The results also suggested that ESRD beneficiaries would reach the coverage gap earlier in the year than other patients, and that they could experience high monthly variations in out-of-pocket drug costs.

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Under the new Part D plans, pharmacy benefits are now available to all Medicare beneficiaries. In the typical benefits package, patients start the year having their prescription drug costs covered by Medicare, with only a small copay. However, once total drug costs exceed \$2,250, coverage stops—this is the so-called "doughnut hole." Once in the doughnut hole, patients receive no help with drug costs until they reach the catastrophic threshold of \$5,100—that is, until they have spent another \$2,850 out of pocket. (Over the catastrophic threshold, nearly all prescription drug costs are covered.)

The findings raise concerns about access to medications for patients with chronic illnesses such as ESRD. "Although the Medicare Part D drug legislation was designed to facilitate purchase of necessary medications through subsidized drug costs, the potential effects on personal medication expenditures for Medicare patients with high drug costs were not well understood previously," says Dr. Patel. "Patients with ESRD provide a model population in which to explore these issues of costs and drug coverage."

Other groups of Medicare beneficiaries with chronic illnesses and high medication use are likely to face similar costs, Dr. Patel points out. "Based on these findings, we suggest that policy makers who are considering modifications in the Part D program may benefit from further research to monitor patterns and gaps in coverage, medication use and spending, and hospitalizations and survival trends."

The ASN is a not-for-profit organization of 9,500 physicians and scientists dedicated to the study of nephrology and committed to providing a forum for the promulgation of information regarding the latest research and clinical findings on kidney diseases.

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