

Health Reform and Medicare:

Closing the Doughnut Hole

The Affordable Care Act, also known as health reform, closes the Part D doughnut hole—the gap in drug coverage during which people with Medicare must pay the full cost of their prescriptions out of pocket. Health reform phases out the doughnut hole by decreasing the beneficiary’s share of drug costs during the doughnut hole until it reaches 25 percent in 2020 for both brand-name and generic drugs. However, the phase-out works differently for brand-name and generic drugs. The charts below illustrate how much the beneficiary will pay during the doughnut hole for both brand-name and generic drugs through 2020, when the phase-out will be complete.

PHASE-OUT OF THE DOUGHNUT HOLE FOR **BRAND-NAME DRUGS**
(Percentages represent share of total drug cost)

Year	Pharmaceutical Manufacturer Discount	Government Subsidy (paid through plans)	Beneficiary Responsibility
2010	0	0	100% less the \$250 rebate for brand name and generic drugs
2011	50 %	0	50 %
2012	50 %	0	50 %
2013	50 %	2.5 %	47.5 %
2014	50 %	2.5 %	47.5 %
2015	50 %	5%	45%
2016	50 %	5%	45%
2017	50 %	10%	40%
2018	50 %	15%	35%
2019	50 %	20%	30%
2020	50 %	25%	25%

PHASE-OUT OF THE DOUGHNUT HOLE FOR **GENERIC DRUGS**
 (Percentages represent share of total drug cost)

Year	Government Subsidy (paid through plans)	Beneficiary Responsibility
2010	0	100% less the \$250 rebate for brand name and generic drugs
2011	7%	93%
2012	14%	86%
2013	21%	79%
2014	28%	72%
2015	35%	65%
2016	42%	58%
2017	49%	51%
2018	56%	44%
2019	63%	37%
2020	75%	25%