

U.S. House and Senate Notification
Tuesday, August 10, 2010

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Subject: Affordable Care Act Provides Prescription Drug Cost Relief to More Than 750,000 Eligible Medicare Beneficiaries

Today, U.S. Department of Health and Human Services Secretary Kathleen Sebelius announced that the Centers for Medicare & Medicaid Services had mailed the third round of one-time, tax-free \$250 rebate checks to eligible Medicare beneficiaries whose drug costs are so high they have reached the Medicare Part D prescription drug coverage gap, known as the “donut hole.” Nationwide, more than 750,000 Medicare beneficiaries have received checks this year, and more beneficiaries will be receiving checks in the coming months as they enter the coverage gap.

Experts estimate that more than a quarter of Part D enrollees hit the donut hole and must pay the full cost of their prescription drugs for some period of time. Many stop following their drug regimen as a result of the added cost burden. [See <http://www.kff.org/medicare/7811.cfm>]. The \$250 rebates will go a long way in preventing seniors from having to make such difficult and almost certainly harmful health decisions.

The rebate checks will partly close the donut hole this year, with the \$250 one-time checks for beneficiaries who enter the gap. In 2011, the Affordable Care Act takes an additional step for Medicare beneficiaries in the donut hole by providing them with a 50 percent discount on their brand name medications. Every year from 2011 to 2020, the Affordable Care Act will take progressive steps to close the donut hole.

National and State-by-State Press Releases regarding \$250 Rebate checks issued to date are available at <http://www.hhs.gov/news>. If you have any questions, please contact the CMS Office of Legislation.