



A PRESCRIPTION DRUG PLAN FOR A STRONGER MEDICARE

Just Do the Math: How the Rx Drug Benefit Adds Up for Seniors

According to the Congressional Budget Office, a typical senior spends \$1,285 annually on prescription drugs. Here is how the House plan would lower their out of pocket costs after the 25% negotiated discount.¹

For a typical senior currently spending \$1,285 annually, or \$963.75 after the 25% negotiated discount:

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
20% of \$713.75	\$142.75
<i>Total out of pocket cost</i>	<i>\$812.75 vs. \$1285 = 37% savings</i>

For a senior currently spending \$1,500 annually, or \$1,125 after discount:

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
20% of \$875	\$175
<i>Total out of pocket cost</i>	<i>\$845 vs. \$1500 = 44% savings</i>

¹ CBO assumed a significant pharmacy cost management factor, which means that beneficiaries would have lower drug spending through a combination of drug discounts, lower pharmacy fees, and better utilization.

For a senior currently spending \$2,500 annually, or \$1,875 after discount:

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
20% of \$1,625	\$325
<i>Total out of pocket cost</i>	<i>\$995 vs. \$2500 = 60% savings</i>

For a senior currently spending \$5,000 annually, or \$3,750 after discount:

	Out of Pocket
\$35/ month	\$420
\$250 deductible	\$250
20% of \$1750	\$350
\$3,500 – (\$250+\$350)	\$2,900
\$3,500 to \$5,000	\$0
<i>Total out of pocket cost</i>	<i>\$3,920 vs. \$5,000 = 22% savings</i>

For a senior spending \$10,000 annually, or \$7,500 after discount:

	Out of Pocket
\$35/month	\$420
\$250 deductible	\$250
20% of \$1750	\$350
\$3,500 – (\$250+\$350)	\$2,900
\$3,500 to \$10,000	\$0
<i>Total out of pocket cost</i>	<i>\$3,920 vs. \$10,000 = 61% savings</i>