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Health Care Reform Bill Helps Thousands of Seniors In South Dakota

Committee on Energy and Commerce

In March 2010, Congress passed and President Obama signed into law historic health care reform legislation. One of the immediate benefits of the new law is assistance to seniors with high drug expenses. This year, all seniors who have drug expenses of \$2,830 or more – and thereby enter the Medicare Part D “donut hole” – will receive a \$250 rebate to help with their high drug costs. Beginning in January 2011, all seniors will receive a 50% discount on brand-name drugs in the donut hole, saving the average senior entering the donut hole over \$500 annually. By 2019, the Part D drug donut hole will be completely closed.

In South Dakota, which is represented by Rep. Stephanie Herseth Sandlin, thousands of Medicare enrollees are already benefiting from the new law:

- As of October 1, 2010, 4,766 seniors in the state have received \$250 rebate checks. In total, these seniors have received \$1.2 million to help pay their high drug costs.
- An additional 10,834 seniors are expected to enter the Part D donut hole before the end of 2010. Each of these seniors will also receive a \$250 rebate. By the end of the year, 15,600 seniors in the state will have received assistance to help cover the cost of their drugs. The total amount of the assistance provided to seniors in the state will be \$3.9 million.
- Donut hole benefits will increase beginning in January 2011, when all seniors who hit the donut hole receive a 50% discount on brand-name drugs. These discounts will save seniors in the state \$8.2 million next year.

The benefits to seniors with high drug costs improve on a regular basis under the health reform law. The discount on brand-name drugs increases to 52.5% in 2013 and to 55% in 2015. The savings continue to grow until the donut hole is completely eliminated for both brand-name and generic drugs in 2019.

This analysis is based upon data from the Centers for Medicare and Medicaid Services. See Centers for Medicare and Medicaid Services, State and Local Distribution of Coverage Gap Rebate Checks (Oct. 2010) (online at http://www.cms.gov/PrescriptionDrugCovGenIn/09_ProgramReports.asp#TopOfPage).