

Accumulation to OOP vs TrOOP (2023 vs 2025)

Actual beneficiary cost share in the 2023 Part D defined standard plan is variable since it is based on the mix of generic vs brand usage and timing of that usage. Under the IRA, the Part D plan design is simplified for the beneficiary but is more complex for the pricing actuary due to the impact of other IRA provisions. The example below shows the cost for Jack and Jill under the 2023 and 2025 plan design with a \$505 deductible. It ignores indexing and inflation to highlight the plan design impact.

Jill		2023				2025		
Phase / Drug Type	Drug Cost	Member Pays	Manuf Pays	Amt Applied to TrOOP	Accum TrOOP	Member Pays	Amt Applied to OOP	Accum OOP
Deductible	505.00	505.00	0.00	505.00	505.00	505.00	505.00	505.00
Deductible to ICL	4,155.00	1,038.75	0.00	1,038.75	1,543.75	1,038.75	1,038.75	1,543.75
Donut Hole – Brand	5,768.00	1,442.00	4,037.60	5,479.60	7,023.35	456.25	456.25	2,000.00
Donut Hole – Generic	1,506.60	376.65	0.00	376.65	7,400.00	0.00	0.00	0.00
Catastrophic	500.00	25.00	0.00	0.00	7,400.00	NA	NA	NA
Total	12,434.60	3,387.40	4,037.60	7,400.00		2,000.00	2,000.00	2,000.00

Jack		2023				2025		
Phase / Drug Type	Drug Cost	Member Pays	Manuf Pays	Amt Applied to TrOOP	Accum TrOOP	Member Pays	Amt Applied to OOP	Accum OOP
Deductible	505.00	505.00	0.00	505.00	505.00	505.00	505.00	505.00
Deductible to ICL	4,155.00	1,038.75	0.00	1,038.75	1,543.75	1,038.75	1,038.75	1,543.75
Donut Hole – Brand	1,506.60	376.65	1,054.62	1,431.27	2,975.02	376.65	376.65	1,920.40
Donut Hole – Generic	6,268.00	1,567.00	0.00	1,567.00	4,542.02	79.60	79.60	2,000.00
Catastrophic	0.00	0.00	0.00	0.00	4,542.02	NA	NA	NA
Total	12,434.60	3,487.40	1,054.62	4,542.02		2,000.00	2,000.00	2,000.00

Jill hits the TrOOP and moves into the catastrophic phase prior to the end of the policy year in the 2023 plan design. Jack spends \$3,487.40 in cost sharing but will not reach the TrOOP, since he is using more generic drugs, and even with his brand spend, his TrOOP only reaches \$4,542.02. If the above reflected 6 months of drug cost rather than 12 months, beneficiary spending in the 2nd half of the year would vary materially. Jill would generally spend 5% in the catastrophic phase and Jack up to \$2,857.98 (depending on the split of generic and brand) before reaching catastrophic coverage. In the 2025 plan design, Jack and Jill will both hit the \$2,000 OOP and move into the catastrophic phase prior to the end of the policy year.