

Supplemental Appendix

Table A3: Estimated Changes in Medical Spending During the Coverage Gap

| Hospitalization costs | Pre-gap hospitalization rate | Average hospitalization cost | Rate Δ during gap | Average Δ in hospitalization spending during gap |
|------------------------|---|--|---|---|
| Schizophrenia | 0.639 | \$7,579 | 32% | \$1,550 |
| Bipolar Disorder | 0.540 | \$7,579 | 45% | \$1,842 |
| No Mental Health Dx | 0.197 | \$7,579 | -8% | -\$119 |
| ED visit costs | Pre-gap ED visit rate | Average ED visit cost | Rate Δ during gap | Average Δ in ED visit spending during gap |
| Schizophrenia | 1.238 | \$435 | 14% | \$75 |
| Bipolar Disorder | 1.190 | \$435 | 17% | \$88 |
| No Mental Health Dx | 0.376 | \$435 | 8% | \$13 |
| Total drug costs | | Mean months in gap | Monthly spending Δ during gap | Average Δ in total drug spending during gap |
| Schizophrenia | | 4.29 | -\$175 | -\$749 |
| Bipolar Disorder | | 4.22 | -\$178 | -\$750 |
| No Mental Health Dx | | 3.85 | -\$82 | -\$316 |
| Total medical spending | Average Δ in hospitalization spending during gap | Average Δ in ED visit spending during gap | Average Δ in monthly spending during gap | Average Δ in total medical spending during gap |
| Schizophrenia | \$1,550 | \$75 | -\$749 | \$876 |
| Bipolar Disorder | \$1,842 | \$88 | -\$750 | \$1,179 |
| No Mental Health Dx | -\$119 | \$13 | -\$316 | -\$423 |

Notes: Assumes other medical spending (e.g., outpatient visits) is constant during the gap; focuses on post-transition period only (>30 days after reaching the gap). Pre-gap hospitalization and emergency department (ED) visit rates are unadjusted visit rates among all subjects with a given diagnosis; Average hospitalization costs are among all subjects with a coverage gap; rate changes are based on hazard ratios from Table 3 (Cox models of clinical events). The average change in hospitalization and ED visit costs during the gap is the product of the pre-gap rate, average cost, and rate change during gap. Changes in monthly drug spending are based on linear fixed effects regression models. The models include indicators for reaching the gap and interactions with an indicator for having a gap vs. no gap due to the LIS. Outcomes during the catastrophic coverage period were censored for subjects who reached it. The average change in total drug spending is the product of the mean monthly change in drug costs during the gap and the mean number of months in the gap.