

Medicare Part D: Medicare Prescription Drug Coverage

Medicare offers prescription drug coverage (Part D) to everyone with Medicare. Medicare Part D plans are offered by private companies to help cover the cost of prescription drugs. Everyone with Medicare can get this optional coverage to help lower their prescription drug costs. Medicare Part D generally covers both brand-name and generic prescription drugs at participating pharmacies.

There are two ways to get Medicare prescription drug coverage:

1. **Medicare Prescription Drug Plans.** These stand alone plans (sometimes called “PDPs”) add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private Fee-for-Service (PFFS) Plans, and Medicare Medical Savings Account (MSA) Plans.
2. **Medicare Advantage Plans** (like an HMO or PPO) or other Medicare health plans that offer Medicare prescription drug coverage. You get all of your Part A and Part B coverage, and prescription drug coverage (Part D), through these plans. Medicare Advantage Plans with prescription drug coverage are sometimes called “MA-PDs.”

Whatever plan you choose, Medicare drug coverage will help you by covering brand-name and generic drugs at pharmacies that are convenient for you. Each Part D plan has a formulary – a list of medications the plan will cover. This list may also be referred to as a drug list, prescription drug list (PDL), or a covered medications list (CML). Drug coverage varies from one plan to another, so if you are considering a Part D plan, you may wish to review the plan’s Prescription Drug List to be sure it will meet your needs.

Who Can Enroll In Medicare Part D?

To join a Medicare Prescription Drug Plan, you must have Part A and/or Part B. If you would like to get prescription drug coverage through a Medicare Advantage Plan, you must have Part A and Part B. You must also live in the service area of the Medicare drug plan you want to join.

Important Note for Medicare Beneficiaries with Employer or Union Coverage:

If you have employer or union coverage, call your benefits administrator before you make any changes, or before you sign up for any other coverage. If you drop your employer or union coverage, you may not be able to get it back. You also may not be able to drop your employer or union drug coverage without also dropping your employer or union health (doctor and hospital) coverage. If you drop coverage for yourself, you may also have to drop coverage for your spouse and dependants.

How Medicare Part D Plans Work

Part D plans may have a monthly plan premium and a yearly deductible. These vary from plan to plan. You pay a portion of your drug costs, including a copayment or coinsurance. Costs vary depending on which drug plan you choose. Coverage options, including drug coverage, may vary from plan to plan.

You may be able to get Extra Help to pay for your prescription drug premium and costs. To find out whether you qualify for Extra Help, call:

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048, 24 hours a day/7 days a week.
- The Social Security Administration, 1-800-772-1213 (TTY users, call 1-800-325-0778)
- Your state Medicaid office

Why Join a Medicare Drug Plan?

Even if you don't take a lot of prescription drugs now, you should still consider joining a Medicare drug plan. If you decide not to join a Medicare drug plan when you are first eligible, and you don't have other creditable prescription drug coverage (for example from an employer or union that is expected to pay, on average, at least as much as Medicare's standard prescription drug coverage), you will likely pay a late enrollment penalty (higher premiums) if you join later.

Note: Discount cards, doctor samples, free clinics, drug discount Web sites, and manufacturer's pharmacy assistance programs are not considered prescription drug coverage and are not considered creditable coverage.

Avoid the late-enrollment penalty. Join when you first become eligible.

The Cost of Medicare Prescription Drug Coverage

Like other insurance, if you join a Medicare Part D plan, generally, you will pay a monthly premium, which varies by plan, and a yearly deductible for most plans. You will also pay a part of the cost of your prescriptions, including a copayment or coinsurance. Costs will vary depending on the prescriptions you use and which drug plan you choose, whether you go to a pharmacy in your plan's network, whether your drugs are on the plan's formulary and whether you qualify for Extra Help paying your Part D costs. Some plans may offer more coverage and additional drugs for a higher monthly premium.

If you have limited income and resources, you may qualify for the following:

- Extra Help paying for your Part D premium and other prescription drug coverage costs.

For More Information:

- Call 1-800-MEDICARE (1-800-633-4227). TTY users call 1-877-486-2048, 24 hours a day/7 days a week.
- Visit www.medicare.gov/Pubs/pdf/10126.pdf to view the brochure, "Get Help With Your Medicare Costs: Getting Started." You can learn more by reading Medicare & You, the official government handbook about Medicare. You will need the free Adobe® Reader® software to download the files.

Download Medicare & You

The Medicare Prescription Drug Coverage Gap (the "Doughnut Hole")

Most Medicare Part D plans have a coverage gap, sometimes called the “Doughnut Hole.” This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for the drugs, up to a yearly limit. Your yearly deductible, coinsurance or copayments, and what you pay while in the coverage gap all count toward this out-of-pocket limit. The limit does not include the drug plan’s premium or what you pay for drugs that are not on your plan’s formulary or prescription drug list. There are plans that offer some 25% coverage during the gap, like for generic drugs. However, plans with gap coverage may charge a higher monthly premium. Check with the plan first to see if your drugs would be covered during the gap.

Once a person reaches the plan’s out-of-pocket limit during the coverage gap, “catastrophic coverage” automatically kicks in.

Catastrophic coverage assures that once a person has spent up to the plan’s out-of-pocket limit for covered drugs, he or she will only pay a small coinsurance amount or a copayment for the rest of the year.

It is important to note that people who get Extra Help paying drug costs will not have a coverage gap and will pay a small or no copayment once they reach catastrophic coverage.

When Can You Join, Switch, or Drop a Medicare Drug Plan?

You can join, switch, or drop a Medicare drug plan at these times:

- When you are first eligible for Medicare (the 7-month period begins 3 months before the month you turn age 65, includes the month you turn age 65, and ends 3 months after the month you turn age 65).
- If you get Medicare due to a disability, you can join during the 3 months before to 3 months after your 25th month of disability. You will have another chance to join 3 months before the month you turn age 65 to 3 months after the month you turn age 65.
- The Annual Enrollment Period, between October 15-December 7. Your coverage will begin on January 1 of the following year, as long as the plan gets your enrollment request by December 31.
- Anytime, if you qualify for Extra Help or if you have both Medicare and Medicaid.

In most cases, you must stay enrolled for that calendar year starting the date your coverage begins. However, in certain situations, you may be able to join, switch, or drop Medicare drug plans during a special enrollment period (like if you move out of the service area, lose other creditable prescription drug coverage, or live in an institution).

How Do You Switch?

Depending on your circumstances, you can switch to a new Medicare drug plan simply by joining another drug plan during one of the times listed above. You don’t need to cancel your old Medicare drug plan or send them anything. Your old Medicare drug plan coverage will end when your new drug plan begins. You should get a letter from your new Medicare drug plan telling you when your coverage begins.