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# Medicare Prescription Drug Coverage



*You should compare the details of each plan available in your area before choosing one. You can get personalized plan information at the Medicare website, [medicare.gov](https://www.medicare.gov), or by calling a Medicare counselor at 1-800-MEDICARE.*

## **New for 2021: The Part D Senior Savings Model**

*You may be able to join a participating drug plan in your state that gives supplemental benefits for insulin starting January 1, 2021. Plans that participate will offer coverage choices that include multiple types of insulin at a maximum copayment of \$35 for a 30-day supply.*

If you're covered by Medicare, here's some welcome news — Medicare drug coverage can help you handle the rising cost of prescriptions. If you're covered by Original Medicare, some Medicare Cost Plans, Medicare Private Fee-For-Service Plans, or Medicare Medical Savings Account Plans, you can sign up for a Medicare Prescription Drug Plan (Part D) offered in your area by a private company or insurer that has been approved by Medicare.

Although prescription drug plans vary, all provide a standard amount of coverage set by Medicare. Every plan offers a broad choice of brand name and generic drugs at local pharmacies or through the mail. However, some plans cover more drugs or offer a wider selection of pharmacies (for a higher premium) than others, so you'll want to choose the plan that best meets your needs and budget.

**Note:** Most Medicare Advantage (Part C) plans also offer prescription drug coverage.

## **How much will it cost?**

What you'll pay for Medicare drug coverage depends on which plan you choose. But here's a look at how the cost of Medicare drug coverage for a standard plan is generally structured. All figures are for 2021.

**A monthly premium:** Most plans charge a monthly premium. Premiums vary, but average \$30.50. (Source: Centers for Medicare & Medicaid Services.) This is in addition to the premium you pay for Medicare Part B. You can have the premium deducted from your Social Security check, or you can pay your Medicare drug plan company directly. If your modified adjusted gross income is above a certain amount, you may also pay a Part D income-related monthly adjustment amount.

**An annual deductible:** Plans may require you to satisfy an annual deductible of up to \$445. Deductibles vary widely, so make sure you compare deductibles when choosing a plan.

**A share of your prescription costs:** Once you've satisfied the annual deductible, if any, you'll generally

need to pay 25% of your prescription costs and your Medicare drug plan will pay 75% of your costs until they total \$4,130 (including the deductible).

After that, there's a coverage gap (also called the "donut hole"); you'll need to pay 100% of your prescription costs while you're in the donut hole. However, this donut hole is essentially closed because you'll receive a 75% discount on both covered brand-name drugs and covered generic drugs while you're in the coverage gap. You'll pay no more than 25% of costs, the same amount you pay during the initial coverage phase.

Once your prescription costs for the year total \$9,313.75 — you've paid \$6,550\* and Medicare has paid \$2,763.75 — you enter the "catastrophic" phase. Your Medicare drug plan will then generally cover 95% of any further prescription costs. For the rest of the year, you'll pay either a coinsurance amount (e.g., 5% of the prescription cost) or a small copayment for each prescription, whichever is greater.

Again, keep in mind that all figures are for 2021 only, and costs and limits vary among plans. Not all plans will work exactly this way. For example, some plans may charge a copayment that is smaller than 25% of prescription costs in the initial coverage period or offer even lower costs during the coverage gap.

\*Costs that help you reach catastrophic coverage for the year include your deductible, what you paid during the initial coverage period, and what you paid in the coverage gap. You get credit for almost the full price of brand-name drugs purchased in the coverage gap, because you get credit for both the discounted price you actually paid (25% of the cost) and what the manufacturer paid to discount the price for you (70% of the cost).

## **What if you can't afford coverage?**

Extra help with Medicare drug plan costs is available to people who have limited income and resources. Medicare will pay all or most of the drug plan costs of people who qualify for help. If you haven't already



received a letter telling you that you have automatically qualified for help, you can apply online at the Social Security website, [ssa.gov](https://www.ssa.gov), or at your local Medicaid office.

## When can you join?

Individuals new to Medicare have seven months to enroll in a drug plan (three months before, the month of, and three months after becoming eligible for Medicare). Current Medicare beneficiaries can generally enroll in a drug plan or change drug plans during the annual election period that occurs between October 15 and December 7 of each year, and their Medicare prescription drug coverage will become effective on January 1 of the following year. If you qualify for special help, you can enroll in a drug plan at anytime during the year. Certain other events may qualify you for a Special Enrollment Period outside of the annual election period when you can enroll in a plan or switch plans.

If you already have Medicare drug coverage, remember to review your plan each fall to make sure it still meets your needs. Before the start of the annual election period, you should receive a notice from your current plan letting you know of any important plan modifications or additional plan options. Unless you decide to make a change, you'll automatically be re-enrolled in the same drug plan for the upcoming year.

## Do you have to join?

No. The Medicare prescription drug benefit is voluntary. However, when deciding whether or not to enroll, keep in mind that if you don't join when you're first eligible, but decide to join in a future year, you'll pay a premium penalty that will permanently increase the cost of your coverage.

There's an exception to this premium penalty, though, if the reason you didn't join sooner was because you already had creditable prescription drug coverage,

defined as coverage through another source (such as employer health plan) that was at least as good as the coverage available through Medicare. If you have coverage through another source, talk to your benefits administrator, insurer, or plan before making changes to your coverage. If you drop your coverage, you may not be able to get it back.

## What happens after you join?

Once you join a plan, you'll receive a prescription drug card and detailed information about the plan. In order to receive drug coverage, you'll generally have to fill your prescription at a pharmacy that is in your drug plan's network or through a mail-order service in that network. When you fill a prescription, show the card to the pharmacist (or provide the card number through the mail) even if you haven't satisfied your annual deductible, so that your purchase counts toward the deductible and benefit limits.

## What if you have questions?

If you have questions about the Medicare prescription drug benefit, you can get help by calling 1-800-MEDICARE (1-800-633-4227) or by visiting the Medicare website at [medicare.gov](https://www.medicare.gov). The website includes a Medicare Plan Finder that you can use to find information about plans in your area. If you need personalized counseling and assistance, you may want to contact your State Health Insurance Assistance Program (SHIP).

### Choosing a Medicare Prescription Drug Plan

- *Start by making a list of all the prescription drugs you currently take and the price you pay for them to see how much you're spending on prescription drugs.*
- *Next, compare plans at the Medicare website. Does each plan cover all of the drugs you currently take?*
- *What deductible and copayments does each plan require?*
- *What monthly premium will you pay?*
- *What pharmacies are included in each plan's network?*
- *Finally, ask for help. Personalized counseling is available through your State Health Insurance Assistance Program, or you can call a Medicare customer representative at 1-800-MEDICARE.*

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