

# How Does the Coverage Gap (Donut Hole) Work?

## Example Medicare Drug Plan for 2018\*



Your plan may vary depending on your deductible and copays

COVERAGE STATUS You/Medicare	Your Actual Drug Cost	Your Out-of-Pocket Cost
Deductible Period You pay all/Medicare pays none	\$0-\$405	\$0-\$405
Coinsurance/Copayment Period You pay 25%/Medicare pays 75%	\$405-\$3,750	\$405-\$1,241.25
Coverage Gap Period You pay all/Medicare pays none	\$3,750-\$7,508.75	\$1,241.25-\$5,000
Catastrophic Period You pay 5%/Medicare pays 95%	over \$7,508.75	over \$5,000

\*The example above shows 2018 calendar year costs for covered drugs in a plan that meets Medicare's standards in 2018. Your costs may vary since each Medicare drug plan is structured differently.

### YOUR YEARLY JOURNEY THROUGH THE DONUT HOLE:

#### Deductible Period-

You pay the first \$405 of your actual drug cost before your Medicare coverage begins to pay.

#### Coinsurance/Copayment Period-

You pay your coinsurance or copayment amount until the actual cost of your drugs reaches \$3,750.

*Notice: This does not mean your out-of-pocket will be \$3,750. The actual drug cost of \$3,750 is based on your out-of-pocket plus what Medicare pays.*

#### Coverage Gap Period (Donut Hole)-

You pay the cost of your drugs until your total out-of-pocket reaches \$5000. This includes amounts you paid earlier during your deductible and coinsurance/copayment period. Based on the example above, the most you would pay during the coverage gap period would be \$3,758.75. In 2018, you will receive a 65% discount on covered brand drugs and 56% discount on generics during the coverage gap. Check with your plan to see if your drugs are eligible for the discount.

#### Catastrophic Coverage Period-

You pay the reduced coinsurance or copayment amount set by your Medicare drug plan for the remainder of the year.

**Note:** People who have limited income and resources and qualify for full Extra Help or have additional coverage aren't affected by the gap in coverage. They would continue to pay the same copayment amount for each prescription they get.

## CENTERS FOR MEDICARE & MEDICAID SERVICES

### Bridging the coverage gap

Most Medicare drug plans (Part D) have a temporary limit on what they will cover for prescription drugs, or a “coverage gap.” The good news is that all Medicare drug plans provide coverage if you have an unexpected illness or injury that results in extremely high drug costs. This is called “catastrophic” coverage. It assures that once you have paid \$5,000 (in 2018) out-of-pocket for drug costs in a calendar year, almost all of your drug costs above that amount are covered. If your plan has a coverage gap during the time between a drug plan’s standard level of coverage and the catastrophic coverage, you pay all of your drug costs. If you have limited income and resources, and qualify for full extra help, most of the information in this fact sheet **doesn’t** apply to you. You will continue to pay the same copayment or coinsurance amount during a coverage gap if your plan has one. If your drug plan has a coverage gap, here are some ways you can avoid or delay entering the gap, and continue to save money on drug costs while in the gap:

- **Consider switching to generic, over-the-counter (OTC), or other lower-cost drugs.** Ask your doctor about generic, OTC, or less-expensive brand-name drugs that would work just as well as the ones you’re taking now. Switching to lower-cost drugs may be enough to help you avoid the coverage gap, and can save you hundreds or thousands of dollars a year. Cost savings information through the use of mail-order pharmacies, generic, or less-expensive brand-name drugs is also available by visiting the **Compare Medicare Prescription Drug Plans** section of [www.medicare.gov](http://www.medicare.gov).

- **Keep using your Medicare drug plan card**, even while in the coverage gap. Using your drug plan card ensures that you’ll get the drug plan’s discounted rates and that the money you spend counts toward your catastrophic coverage.

- **Explore National and Community-Based Charitable Programs** that might offer assistance (such as the National Patient Advocate Foundation or the National Organization for Rare Disorders). These organizations may have programs that can help with your drug costs. Comprehensive information on Federal, state, and private assistance programs in your area is available on the **Benefits Check Up** ([www.benefitscheckup.org](http://www.benefitscheckup.org)) website.

- **Look into Pharmaceutical Assistance Programs** (sometimes called Patient Assistance Programs) that may be offered by the manufacturers of the drugs you take. Many of the major drug manufacturers are offering assistance programs for people enrolled in a Medicare drug plan. You

can find out whether a Pharmaceutical Assistance Program is offered by the manufacturers of the drugs you take by visiting [www.medicare.gov](http://www.medicare.gov) and selecting “Lower Your Costs During the Coverage Gap.”

- **Look at State Pharmaceutical Assistance Programs (SPAP)** for which you may qualify. There are 23 states and 1 territory offering some type of coverage to help people with Medicare with paying drug plan premiums and/or cost sharing. You can find out if your state has a State Pharmaceutical Assistance Program by visiting [www.medicare.gov](http://www.medicare.gov) and selecting “Lower Your Costs During the Coverage Gap.”

- **Apply for Extra Help.** If you have Medicare and have limited income and resources, you may qualify for extra help paying for your prescription drugs. Contact Social Security by visiting [www.socialsecurity.gov](http://www.socialsecurity.gov) or calling 1-800-772-1213. TTY users should call 1-800-325-0778.

**NOTE:** Not all types of coverage will count toward your out-of-pocket costs. Remember, after you have paid \$5,000 (in 2018) out-of-pocket for drug costs in a calendar year, almost all of your drug costs above that amount are covered. If you want to switch to a plan that offers at least some type of coverage in the gap, you can do so between October 15<sup>th</sup> and December 7<sup>th</sup> each year. Your coverage will begin on January 1 of the following year.

**For More Information** All Medicare drug plans are different, so you should call your plan if you have questions about how the coverage gap will work for you. If you need help finding other resources, such as the ones described above, you can call your State Health Insurance Assistance Program (SHIP) for free personalized counseling to people with Medicare. To get their telephone number, visit [www.medicare.gov](http://www.medicare.gov) and select “Find Helpful Phone Numbers and Websites.” You can also call 1-800-MEDICARE (1-800-633-4227).