

Medicare Part D Plans – 2019 Costs

Deductible

Some Medicare prescription drug plans (Part D) include a deductible and some don't. If your plan has a deductible, that means each year you pay the full cost (100 percent) for each prescription you fill until the amount you spend equals the amount of your plan's deductible.

The maximum deductible amount allowed in 2019 is **\$415**, but your plan's deductible may be less.

Bill	
Prescription drug "Y"	\$55
Insurance paid	\$0
Your responsibility	\$55
<i>Amount applied to deductible: \$55</i>	

Example: My plan has a prescription drug deductible of \$240.

I picked up my prescription from the pharmacy and paid the total cost, \$55, which counted toward my deductible.

I still need to pay \$185 more for my prescriptions before my plan begins paying a portion of the cost [$\$240 - \$55 = \$185$].



Special rules during the deductible phase:

- Prescription drug costs only count toward your deductible if the drug is listed on your plan's covered medication list, known as the "formulary." Formularies may group drugs according to tiers.
- Some plans charge Tier 1 and Tier 2 (typically generic or lower-cost) prescription drugs separately from your deductible. For these, you pay the initial coverage level copay price (see below) right away. You don't need to meet the deductible first, and the cost does not count toward your deductible.



Initial Coverage Level

Once the deductible is met, the "initial coverage level" begins, meaning your plan will pay a portion of the costs for prescriptions included on the plan's formulary. You will pay the rest.

Most Part D plans use tier groups to determine drug prices in the initial level. Depending on the tier of the drug, you pay a copay (a flat dollar amount) or a coinsurance (a percentage of the total cost of the drug).

The initial coverage level begins after the deductible has been met (if your plan has one) and ends once you and your plan together have spent \$3,820 toward your yearly drug costs.

Example: Part D plan "x" charges a flat copay for **Tier 1** and **Tier 2** drugs, a 25% co-insurance for **Tier 3** and **Tier 4** drugs, and a 35% coinsurance for **Tier 5** specialty drugs.

Check the chart (to the right) to see what a member of that plan would pay in the initial coverage level.

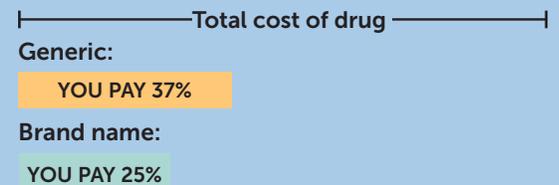
Drug tier	Total drug cost	Cost in initial level	Amount counted toward yearly drug
Tier 1	\$0.57	\$0.00	\$0.57
Tier 2	\$2.27	\$2.00	\$2.27
Tier 3	\$47.53	\$11.88	\$47.53
Tier 4	\$321.45	\$80.36	\$321.45
Tier 5	\$5,714.43	\$2000.05	\$5,714.43

Coverage Gap

Note: The Coverage Gap has changed somewhat over the past several years as a result of changing federal health law. The most important thing for Part D plan members to know about these changes is that they are designed to lower your drug costs in the Coverage Gap. Out-of-pocket prices for generic drugs will decrease until 2020.

Once you and your plan together have spent \$3,820 toward drug costs, you will leave the Initial Coverage Level and enter the Coverage Gap. During the Coverage Gap, the price you pay will depend on whether the drug you purchase is a brand-name drug product or a generic drug product.

- **In 2019, for drugs included on a Part D plan's formulary:**
 - **Members pay 25 percent of a brand-name drug's cost.**
 - **Members pay 37 percent of a generic drug's cost.**



When spending reaches \$5,100, you leave the Coverage Gap and enter the last level of coverage, the Catastrophic Level. Remember, by the time you enter the Coverage Gap you have already spent \$3,820. Amounts counted toward your total drug costs in the Coverage Gap are different than in the Initial Coverage Level.

- **95 percent of the total price of brand-name drugs will count toward your total drug costs.**
 - The 95 percent includes the 25 percent coinsurance you pay and the 70 percent discount provided directly by the drug manufacturer during this period.
- **37 percent of the total price of generic drugs will count toward your total drug costs.**
 - 37 percent is the amount you are responsible to pay for generic drugs and is the only generic drug cost counted toward your total costs during the Coverage Gap.

Catastrophic Level

If a Part D member's drug costs exceed \$5,100, they will enter the Catastrophic Level for the rest of the year, regardless of the amount of additional drug costs. During the Catastrophic Level, you pay the higher amount between 5 percent of drug's cost or \$3.35 (generics)/\$8.25 (brand-name drugs).

On Jan. 1 of the next year, if you remain enrolled in a Part D plan, your coverage will start over at the deductible.

Example: The total cost of a **brand-name drug** you purchase while in the Catastrophic Level is \$117.90.

Because 5% of the drug costs \$5.90, you pay \$8.25—the brand-name minimum cost.

Example: The total cost of a **generic drug** you purchase in the Catastrophic Level is \$78.

You will pay 5% of that, \$3.90, because it is higher than the generic minimum charge of \$3.35.