

What You Pay

Exact coverage and costs are different for each Medicare drug plan, but all plans must provide at least a standard level of coverage set by Medicare.



Below and continued on the next page are descriptions of the payments you make throughout the year in a Medicare drug plan. After the descriptions is an example of what someone may pay in a Medicare drug plan. **Your actual drug plan costs will vary** depending on the prescriptions you use, the plan you choose, whether you go to a pharmacy in your plan's network, whether your drugs are on your plan's formulary, and whether you qualify for [Extra Help](#) paying your Part D costs.

- **Monthly premium**—Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium may include an amount for prescription drug coverage.
- **Yearly deductible**—Amount you pay for your prescriptions before your plan begins to pay. Some drug plans don't have a deductible.
- **Copayments or coinsurance**—Amounts you pay at the pharmacy for your covered prescriptions after the deductible. You pay your share, and your drug plan pays its share for covered drugs.
- **Coverage gap**—Most Medicare drug plans have a coverage gap. 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 your prescriptions up to a yearly limit. Your yearly deductible, your coinsurance or copayments, and what you pay in the coverage gap all count toward this out-of-pocket limit. The limit doesn't include the drug plan's premium or what you pay for drugs that aren't on your plan's formulary.

There are plans that offer some coverage during the gap, like for generic drugs. However, plans with gap coverage may charge a higher monthly premium. Check with the drug plan first to see if your drugs would be covered during the gap.

For help comparing plan costs, contact your State Health Insurance Assistance Program (SHIP). See pages 110–113 for the telephone number. You can also visit www.medicare.gov and select “Compare Medicare Prescription Drug Plans.”

What You Pay (continued)

Catastrophic coverage—Once you reach your plan’s out-of-pocket limit during the coverage gap, you automatically get “catastrophic coverage.” Catastrophic coverage assures that once you have spent up to your plan’s out-of-pocket limit for covered drugs, you only pay a small **coinsurance** amount or **copayment** for the drug for the rest of the year.

Note: If you get **Extra Help** paying your drug costs, you won’t have a coverage gap and will pay only a small or no copayment once you reach catastrophic coverage. See pages 78–81.

The example below shows costs for covered drugs in 2010 for a plan that has a coverage gap.

Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2010. She doesn’t get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.

Monthly Premium—Ms. Smith pays a monthly premium throughout the year.			
1. Yearly Deductible	2. Copayment or Coinsurance	3. Coverage Gap	4. Catastrophic Coverage
Ms. Smith pays the first \$310 of her drug costs before her plan starts to pay its share.	Ms. Smith pays a copayment, and her plan pays its share for each covered drug until what they both pay (plus the deductible) reaches \$2,830.	Once Ms. Smith and her plan have spent \$2,830 for covered drugs, she is in the coverage gap. She will have to pay all of her drug costs until she has spent \$4,550.	Once Ms. Smith has spent \$4,550 out-of-pocket for the year, her coverage gap ends. Now she only pays a small copayment for each drug until the end of the year.



Call the plans you’re interested in to get specific Medicare drug plan costs. You can also visit www.medicare.gov, or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.