

Medicare Minute Script – March 2024

Part D Coverage Phases

Point 1: Anticipate changes to your drug costs based on your coverage phase.

The cost of your Medicare Part D-covered drugs may change throughout the year. If you notice that your drug prices have changed, it may be because you are in a different phase of Part D coverage. There are four different phases—or periods—of Part D coverage: the deductible period, the initial coverage period, the coverage gap, and catastrophic coverage. As you spend money on your covered drugs, you progress through the coverage periods until the new calendar year starts. Your Part D plan should track your coverage period for you, and this information should appear in your monthly statements. Let's now discuss each coverage phase.

Point 2: Know the details of each coverage phase.

Until you meet your Part D deductible, you are in the **deductible period**. During this time, you will pay the full negotiated price for your covered prescription drugs. While deductibles can vary from plan to plan, no plan's deductible can be higher than \$545 in 2024. Some plans have no deductible, and some plans don't apply a deductible for certain drugs—usually generics.

After you meet your deductible, your plan will help pay for your covered prescription drugs. This is your **initial coverage period**. Your plan will pay some of the cost, and you will pay a copayment or coinsurance.

You enter the **coverage gap** when your total drug costs—including what you and your plan have paid for your drugs—reaches a certain limit. In 2024, that limit is \$5,030. While in the coverage gap, you are responsible for 25% of the cost of your drugs. The coverage gap is also sometimes called the donut hole.

In all Part D plans in 2024, you enter **catastrophic coverage** after you reach \$8,000 in out-of-pocket costs for covered drugs. This amount is made up of costs you pay and some costs that others pay. As of 2024, during this period, you owe no copays or coinsurance for your covered drugs for the remainder of the year. Not all costs count towards reaching this cap, though. Costs that do not help you reach catastrophic coverage include monthly premiums, what your plan pays toward drug costs, the cost of non-covered drugs, and the cost of covered drugs from pharmacies outside your plan's network.

Point 3: Understand 2025 changes to Part D costs and coverage phases.

Beginning in 2025, the structure of Medicare Part D will change. There will be only three coverage phases—the deductible, the initial coverage period, and a zero-cost phase after an out-of-pocket cap is reached. Additionally, your out-of-pocket costs for covered drugs will be limited to \$2,000 in deductibles, copays, and coinsurance. Also starting in 2025, you have the choice to spread out-of-pocket Part D costs over the year. This won't reduce the total amount owed over the year, but it can allow you to spread costs over 12 months. For example, you could pay your deductible over the course of the year, rather than all at once at the beginning of the year.

Whether this type of payment plan will be beneficial will depend on your circumstances and preferences. Remember that these changes are not in effect until 2025.

Point 4: Be aware of pharmacy and prescription drug fraud.

There are many types of pharmacy and prescription drug schemes. A common scheme could be when Medicare is billed for a medication that you did not receive or if you are given a different drug than what you were prescribed. It's important to read your Medicare statements to check for errors or suspicious charges. This would include checking your statements to make sure that the medications you picked up from the pharmacy are the type and amount you were prescribed. If you notice any concerns on your Medicare statements or with your medications, contact your local Senior Medicare Patrol, or SMP for short. Your SMP can help and report the potential fraud to the correct authorities.

Take Action:

1. **Contact your Part D or Medicare Advantage Plan** if you have questions about your prescription drug coverage or costs. Your plan can tell you which coverage phase you are currently in.
2. **Contact your State Health Insurance Assistance Program (SHIP)** to learn more about Part D coverage and programs that could reduce your prescription costs.
3. **Work with your doctor** if you are experiencing issues accessing your medications. For example, your doctor can help you switch to a more affordable version of your drug or appeal a coverage denial.
4. **Contact your SMP** if you have experienced Medicare fraud, errors, or abuse.

Local SHIP Contact Information	Local SMP Contact Information
<p>SHIP toll-free: 800-247-4422 SHIP email: idahoshiba@doi.idaho.gov SHIP website: shiba.idaho.gov</p> <p>To find a SHIP in another state: Call 877-839-2675 and say “Medicare” when prompted or visit www.shiphelp.org.</p>	<p>SMP toll-free: 800-247-4422 SMP email: idahoshiba.doi.idaho.gov SMP website: https://aging.idaho.gov/stay-safe/senior-medicare-patrol-fraud-prevention</p> <p>To find an SMP in another state: Call 877-808-2468 or visit www.smpresource.org.</p>

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SHIP Technical Assistance Center: 877-839-2675 | www.shiptacenter.org | info@shiptacenter.org
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