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Health Care

Frequently Asked Questions about Discounts in the Medicare Part D Doughnut Hole

What is the Medicare Part D doughnut hole?

Some Medicare Part D drug plans have a coverage gap, also known as the doughnut hole. This means that after you and your drug plan have spent a certain amount of money for covered drugs you may have to pay for your prescription drugs up to a certain limit.

You now get a discount on brand-name and generic prescription drugs while you are in the Medicare Part D coverage gap. Exactly how much you pay out of pocket varies widely depending on the Part D plan you are in and the price your plan has negotiated with the companies that manufacture your drugs. These discounts will increase until 2020 when the coverage gap disappears. Your discounts in the coverage gap depend on a number of factors as explained in the answers below:

How will I know if I've reached the coverage gap?

Every month that you fill a prescription, your Medicare Part D drug plan mails you an Explanation of Benefits (EOB). The EOB tells you how much you have spent on Medicare Part D covered prescription drugs. It also tells you if you've reached the coverage gap.

Who can get the discounts while in the coverage gap?

If you are enrolled in a Medicare prescription drug plan or a Medicare Advantage plan that includes prescription drugs, you get discounts on the drugs that are covered by your plan once you're in the coverage gap.

How does the drug discount work while I'm in the coverage gap?

Once you reach the coverage gap, you automatically get a discount on your prescription drugs at the time you buy them. The discount is applied to the price that your Part D plan has negotiated. You still need to pay any pharmacy fees, or dispensing fees, when you fill your prescription. These dispensing fees are not included in your discount for brand-name drugs, but are included when figuring the discount for generic drugs.

Does the discounted price or the full drug price count toward the amount I need to reach catastrophic coverage?

The full price of brand-name drugs, including the dispensing fee, will count toward the amount you need to qualify for catastrophic coverage. For generic drugs, the discounted amount you pay will count toward getting you out of the coverage gap.

Will I get a discount on all Medicare covered brand-name prescription drugs?

If a drug company has signed an agreement to participate in the Medicare Part D discount program, all of the Medicare-covered Part D brand-name drugs they make are covered

during the coverage gap for that calendar year. This includes prescription drugs on the plan's list of covered drugs and those covered through an appeal.

Will I get additional savings if I have a Medicare drug plan that already includes coverage in the gap?

Yes. You may get a discount after your Medicare drug plan's coverage has been applied to the price of the drug. The discount for brand-name drugs will apply to the remaining amount that you owe.

Do I still get the discount if I have insurance other than Medicare?

You can only get the discount if Medicare Part D pays first for your prescription drugs. If your other insurance coverage pays second, your other insurance coverage will pay after the discount has been applied.

Do I get the discount if I have coverage from a State Pharmacy Assistance Program (SPAP)?

If you're enrolled in a State Pharmacy Assistance Program (SPAP), or any other program that provides coverage for Part D drugs (other than Extra Help), you still get the discount on covered brand name drugs. The discount is applied to the price of the drug before any SPAP or other coverage.

Will I also get the discounts if I get "Extra Help" from Medicare?

If you receive "Extra Help," you aren't eligible for additional discounts. Your drug costs when you are in the coverage gap are already covered by your existing discount program.

What will the discounts look like for the coverage gap over the next 10 years?

The coverage gap discounts will continue to increase until 2020 as shown in this chart. In 2020, you will still be responsible for paying your premiums and deductible, as well as 25% of your prescription drug costs until you reach catastrophic coverage. If your costs exceed the catastrophic coverage level, you will only be responsible for 5% of your prescription drug costs for the rest of the year.

Year	You receive this % for brand-named drugs in the coverage gap	You receive this % for generic drugs in the coverage gap
2013	52.5%	21%
2014	52.5%	28%
2015	55%	35%
2016	55%	42%
2017	60%	49%
2018	65%	56%
2019	70%	63%

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