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Things to think about when you compare Medicare drug coverage

There are 2 ways to get Medicare drug coverage:

- Join a Medicare drug plan and keep your health coverage under Original Medicare.
- Join a Medicare Advantage Plan with drug coverage to get your Medicare benefits through a private insurance company.

Whichever way you choose, drug coverage can vary by cost, coverage, convenience, and quality. Some factors might be more important to you than others, depending on your situation and prescription drug needs.

No matter which type of Medicare drug coverage you join, your plan will send you information about plan changes each fall. You should review your prescription drug needs and compare Medicare drug coverage during Medicare Open Enrollment, from October 15–December 7.

Cost

When you get coverage, you and Medicare share the costs. Your costs will vary depending on your plan and whether or not you get Extra Help (see page 3). Look at your current prescription drug costs to find drug coverage that works with your financial situation.

Monthly premium

Most plans charge this monthly fee that varies by plan. You pay this fee in addition to the Medicare Part B (Medical Insurance) premium. If you have the type of Medicare Advantage Plan or Medicare Cost Plan that includes drug coverage, the monthly premium you pay to your plan may include an amount for drug coverage.

Note: What you pay for Medicare drug coverage could be higher based on your income. Visit [Medicare.gov](https://www.Medicare.gov) to learn more about the monthly premium for drug coverage.

Cost (continued)

Consider automatic premium deduction

When you sign up for Medicare drug coverage, think about having your premiums automatically deducted from your Social Security payment. Automatic premium deduction has many benefits:

- It takes the worry out of remembering to pay your premiums
- Your plan will get your premium payment on time
- You'll be helping the environment by not getting a paper bill from your plan

Contact your plan (not Social Security) if you want it to deduct your drug coverage premium from your monthly Social Security payment. Your first deduction will usually take 3 months to start, and your plan will likely deduct 3 months of premiums at once.

After that, your plan will deduct only one premium each month. You may also see a delay in premium deductions if you switch plans. If you want to stop premium deductions and have the plan bill you directly, contact your plan.

Yearly deductible

This is the amount you must pay before your drug coverage begins to pay its share of your covered drugs. Some plans don't have a deductible.

Copayment/coinsurance

This is the amount you pay for each of your prescriptions after you've paid the deductible (if the plan has one). Some plans have different levels or "tiers" of coinsurance or copayments, with different costs for different types of drugs. Coinsurance means you pay a percentage, like 25%, of the cost of the drug. With a copayment, you pay a set amount, like \$10, for all drugs on a tier. For example, you might have to pay a lower copayment amount for generic drugs than brand-name drugs, or lower coinsurance percentage for some brand-name drugs than for others.

Note: A plan may raise the copayment or coinsurance you pay for a particular brand-name drug or generic drug when the manufacturer raises the price. Also, if a plan starts to offer a generic form of a brand-name drug, but you keep taking the brand-name drug, the plan may raise your copayment or coinsurance.

Coverage gap

Most plans have a coverage gap (also called the "donut hole"). This means there's a temporary limit on what the plan will cover for drugs. The coverage gap begins after you and your plan have spent a certain amount for covered drugs. Once you and your plan have spent \$4,130 on covered drugs in 2021 (\$4,430 in 2022), you're in the coverage gap. You'll generally pay 25% of the plan's cost for covered brand-name drugs and for covered generic drugs until you reach the end of the coverage gap. Not everyone will enter the coverage gap.

Cost (continued)

Coverage gap (continued)

These amounts **will count** toward you getting out of the coverage gap:

- Your yearly deductible, coinsurance, and copayments
- The discount you get on brand-name drugs in the coverage gap
- What you pay in the coverage gap

These amounts **won't count** toward you getting out of the coverage gap:

- Your Medicare drug coverage premium
- What you pay for non-covered drugs
- What's paid by other insurance

Some plans offer additional coverage during the gap, like for generic drugs, but they may charge a higher monthly premium. Check with the plan first to see if it'll cover your drugs during the gap.

Catastrophic coverage

Once you've spent \$6,550 out-of-pocket in 2021 (\$7,050 in 2022), you're out of the coverage gap and you automatically get "catastrophic coverage." Catastrophic coverage means that you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year.

Late enrollment penalty

If you don't sign up for Medicare drug coverage when you're first eligible, and you don't have other creditable prescription drug coverage or get Extra Help, you'll likely pay a Part D late enrollment penalty. Creditable prescription drug coverage is coverage (like from an employer or union) that's expected to pay, on average, at least as much as Medicare's standard drug coverage. If you're subject to the penalty, generally you'll have to pay it each month for as long as you have Medicare drug coverage. For more information about the late enrollment penalty, visit [Medicare.gov](https://www.medicare.gov) or call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

Extra Help is available

If you have limited income and resources, you may be able to get Extra Help paying your prescription drug coverage costs. If you qualify for Extra Help, you may pay little or nothing out of pocket when you fill your prescriptions. You can apply for Extra Help at any time. There's no cost to apply for Extra Help, so you should apply even if you aren't sure if you qualify. To apply for Extra Help online, visit [socialsecurity.gov/i1020](https://www.socialsecurity.gov/i1020). Or, call Social Security at 1-800-772-1213 to apply by phone or to get a paper application. TTY users can call 1-800-325-0778.

Coverage

Review your prescription drug needs, and look for a plan that meets these needs. Medicare plans may vary in what drugs they cover, and some may have special rules that you must follow before it covers a drug.

Formulary

A formulary is a list of drugs that a plan covers. It includes how much you pay for each drug. If the plan uses tiers, the formulary lists which drugs are in each tier. Formularies include both generic and brand-name drugs. Generally, each plan's formulary must include most types of drugs that people with Medicare use. However, each plan has its own formulary, so you should check the plan's formulary to make sure it covers your drugs.

Coverage rules

Plans may require "prior authorization." This means that before the plan will cover certain prescriptions, you must show the plan you meet certain criteria for you to have that particular drug. Your doctor may need to provide additional information about why the drug is medically necessary for you before you can fill the prescription. Plans may also require "step therapy" on certain drugs. This means you must try one or more similar, lower cost drugs before the plan will cover the prescribed drug. Plans may also set "quantity limits" on how much medication you can get. Call your Medicare plan to find out the specific coverage rules for your plan.

Convenience

Check with each plan you're considering to make sure your current pharmacy is in the plan's network or there are pharmacies convenient to you. Some plans charge lower copayments or coinsurance amounts at some pharmacies in their network than at others. Also, some plans may offer a mail-order program that will allow you to have prescriptions sent directly to your home. You should consider the most cost effective and convenient way to have your prescriptions filled.

Important: Even if you aren't changing plans, make sure your pharmacy is still in your plan's network next year. Plans may change their network pharmacies each year.

Quality

In addition to a plan's costs, coverage, and convenience, you should also review the quality ratings for plans before you decide which one best meets your needs. Medicare uses information from member satisfaction surveys, plans, and health care providers to give overall performance star ratings to plans. A plan can get a rating between 1–5 stars. A 5-star rating is considered excellent. Visit [Medicare.gov/plan-compare](https://www.Medicare.gov/plan-compare) to view plan ratings.

5-star Special Enrollment Period

You can switch to a Medicare Advantage Plan or a Medicare drug plan that has 5 stars for its overall plan rating once from December 8, 2021–November 30, 2022. Medicare updates these ratings each fall for the following year. These ratings can change each year.

- You can only switch to a 5-star Medicare plan if one is available in your area.
- You can only use this Special Enrollment Period once during the above timeframe.

Visit [Medicare.gov/plan-compare](https://www.Medicare.gov/plan-compare) to find and compare plans.

Things to consider when choosing Medicare drug coverage

If you:

- **Take specific drugs**, look at plans that include your drugs on their formulary (a list of prescription drugs covered by a plan). Then, compare costs.
- **Want extra protection from high prescription drug costs**, look at plans offering coverage in the coverage gap, and then check with those plans to make sure they cover your drugs in the gap.
- **Want your drug expenses to be balanced throughout the year**, look at plans with no or a low deductible, or with additional coverage in the coverage gap.
- **Take a lot of generic prescriptions**, look at plans with tiers that charge you no or low copayments for generic prescriptions.
- **Don't have many drug costs now, but want coverage for peace of mind and to avoid future penalties**, look at plans with a low monthly premium for drug coverage. If you need prescriptions in the future, all plans still must cover most drugs used by people with Medicare.
- **Like the extra benefits and lower costs available by getting your health care and prescription drug coverage from one plan, and you're willing to accept the plan's restrictions on what doctors, hospitals, and other health care providers you can use**, look for a Medicare Advantage Plan with drug coverage.

What should I do before making a decision?

Each year, you can join or switch Medicare drug coverage during the Open Enrollment Period, from October 15–December 7. If you switch plans during this time, your coverage with the new plan will start on January 1. If you're in a Medicare Advantage Plan that offers drug coverage, you may also change plans during the Medicare Advantage Open Enrollment Period, from January 1–March 31. Also, during Special Enrollment Periods, you may change plans under certain circumstances, like if you move out of your area or if you get Extra Help paying for your prescription drug costs.

As you make a decision about your health and prescription drug coverage, remember to review your current health and prescription drug plans. Benefits and costs for health plans and drug plans can change each year. Look at other plans in your area to see if one may better meet your needs. If you want to keep your current plan, and it's still being offered next year, you don't need to do anything for your enrollment to continue.

Where can I get help?

To help you compare plans, think about what you need in terms of cost, coverage, convenience, and quality. Visit [Medicare.gov/plan-compare](https://www.Medicare.gov/plan-compare) to see which plans are available in your area.

To get personalized information, you need:

- Your Medicare card that has your Medicare Number and Medicare effective date for Medicare Part A (Hospital Insurance) or Medicare Part B (Medical Insurance)
- Date of birth
- Last name
- ZIP code

To get general drug coverage information or to find out what plans are available in your area, just answer a few simple questions. You can also enter your current prescription drug information for more detailed cost information.

Note: This tool provides useful information to help you review plans based on your current drug needs. The drug costs displayed are estimates and may vary based on the specific quantity, strength, and/or dosage of medication. The cost may also vary if you buy your prescriptions at the pharmacy or through mail order.

- Call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.
- Call your State Health Insurance Assistance Program (SHIP) for personalized counseling at no cost to you. Visit [shiptacenter.org](https://www.shiptacenter.org), or call 1-800-MEDICARE to find the phone number for your state.

Important: If you have employer or union coverage, call your benefits administrator before you make any changes to your coverage.



Notes

You have the right to get Medicare information in an accessible format, like large print, Braille, or audio. You also have the right to file a complaint if you feel you've been discriminated against. Visit [Medicare.gov/about-us/accessibility-nondiscrimination-notice](https://www.medicare.gov/about-us/accessibility-nondiscrimination-notice), or call 1-800-MEDICARE (1-800-633-4227) for more information. TTY users can call 1-877-486-2048.

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