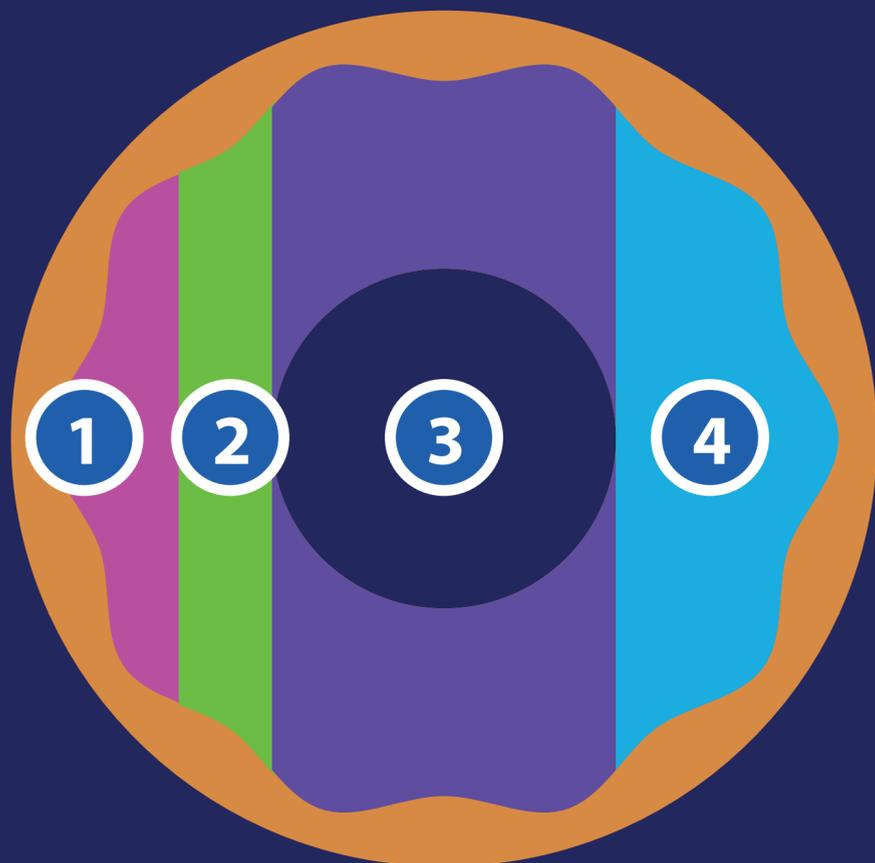


# Understanding the Donut Hole



The "donut hole" is a gap, or phase, in Medicare Part D Prescription Drug coverage.

## Medicare Part D Prescription Drug coverage has four phases



Deductibles, co-payments, co-insurance and other figures change each year.

1

### Deductible phase

You pay full drug cost until you hit your plan's deductible, if it has one.

**In 2019:** Deductibles vary, but none can be higher than \$415.

2

### Initial coverage phase

Cost-sharing begins. You pay co-payment or co-insurance until you hit your plan's initial coverage limit.

**In 2019:** Initial coverage limit in all plans is \$3,820.

3

### The donut hole (coverage gap)

You pay a discounted price for brand-name and generic drugs until your out-of-pocket spending hits a catastrophic amount set by the government. Despite the discount, you pay more than the insurance plan pays in this phase.

**In 2019:** You pay 25% of your plan's price for covered brand name drugs and 37% of your plan's price for covered generic drugs, until your out-of-pocket expenses hit \$5,100.

4

### Catastrophic phase

You pay either a 5% co-insurance or a co-pay, whichever is greater.

**In 2019:** You pay either 5% of total drug costs or \$3.40 for generics and \$8.40 for brand name prescriptions.

## The donut hole is shrinking!

When Medicare Part D was created in 2006, enrollees paid 100% of all drug costs while in the donut hole. But the Affordable Care Act in 2010 gradually began to shrink the donut hole. It will close by 2019, so that you will pay no more than 25% of the cost of any brand name drug while in the donut hole.



2010



2019

*Adios, donut hole!*

## Nearly 1 in 10 Part D enrollees had drug spending above the catastrophic coverage threshold in 2015.



Total Part D enrollment, 2015: 41.3 million

Source: Kaiser Family Foundation 2015

## Being mindful of the donut hole coverage gap can save you money!

### A *half-dozen* tips to help you avoid or manage the donut hole

1. Look closely at your plan options every year during open enrollment (Oct. 15 to Dec. 7) to determine if the cost of your medications might push you into the donut hole.
2. Look at the full cost of the drugs you take because that cost — not your co-pays — is what pushes you into the donut hole.
3. Consider Part D plans that might help shoulder some of the cost — some plans offer better coverage during the donut hole but may have higher premiums for that added benefit.
4. Opt for generics if they are available.
5. Check for less-expensive alternative medications before you enroll in a plan.
6. Ask for help early and try to work with an experienced agent.



Medicare BackOffice can help. Our on-staff pharmacist and Licensed Insurance Agents can review your plans, compare costs and discuss coverage options.

Call **1.877.385.8083**  
to speak with a Licensed Insurance Agent