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## Medicare Part D : Prescription Drug Coverage

Medicare Part D helps you pay for prescription medicines. You don't have to get Part D if you have Medicare, but if you take prescription medicines, it can help you save money.

- [How does Medicare Part D work?](#)
- [What is Extra Help?](#)
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- [Avoiding the coverage gap](#)

### How does Medicare Part D work?

Here are some important things to know about Medicare Part D:

- You can get Medicare Part D as an add-on to your Medicare Part A or B plans. This is called "stand-alone Part D plan). Or you can get it as a bundle in most Medicare Advantage (Part C) plans.
- Part D plans are provided by private insurance companies. Each plan has its own formulary list. This is a list of medicines they cover and their cost. So, it's important to make sure a plan covers the medications you take.
- You usually pay a premium for Part D plans. You might also have co-payments, co-insurance, and deductibles.
- Part D plans usually have a network of preferred pharmacies.
- You can get a Part D plan during the [Open Enrollment Period<sup>1</sup>](#) (OEP), usually between October 15th and December 7th every year.
- If you join a Part D plan and it's not covering your needs, you can usually change

that plan between January 1 through March 31 or during the next Medicare open enrollment period.

## What is Extra Help?

The Extra Help program (also called **Low Income Subsidy** or **LIS**) helps people with low-income pay certain out-of-pocket Medicare Part D costs like co-payments, co-insurance, deductibles, and premiums.

Here are some important things to know about Extra Help:

- You can apply for Extra Help and the Medicare Savings Programs (MSPs) at the same time.
- If you qualify for Extra Help, you're automatically enrolled in a Part D plan if you don't already have one.
- Your co-pay costs for prescriptions depends on your income.
- If you have Extra Help, there is a special enrollment period (SEP) that allows you to switch to a different Part D plan once per quarter between January 1 through September 30.

Some people get Extra Help automatically:

- People who have full Medicaid coverage
- People who get help from the Medicare Savings Program
- People who get Supplemental Security Income (SSI)

## What is the Medicare Part D coverage gap?

The Medicare Part D coverage gap (also called the **donut hole**) is a temporary change in prescription drug coverage for people with Medicare Part D plans.

Here are some important things to know about the Medicare coverage gap:

- **Initial coverage stage:** When you first start using your Medicare Part D plan, you pay your plan's designated co-payments for each prescription.
- **Coverage gap stage:** Once you and your plan together have spent a certain

amount of money on covered medications, you might pay a higher percentage of the cost for prescriptions. This certain amount changes every year.

- **During the coverage gap**, you pay no more than 25% of the cost for the **brand name drugs** your plans cover. Even though you pay no more than 25%, almost the full cost of the brand name drug will count toward getting you out of the coverage gap. Medicare pays for 75% of **generic** drug costs during the coverage gap. You pay 25%. Only the 25% you pay for a generic drug goes to getting you out of the coverage gap.
- **Catastrophic coverage stage**: After you spend a certain amount in the coverage gap, your out-of-pocket costs will go down. You only pay a small co-payment or co-insurance for prescriptions for the rest of the year. In 2024, this cost will be eliminated as part of the [Inflation Reduction Act](#).<sup>2</sup>

Not everyone goes into a coverage gap. The amount of money it takes to go into and get out of the coverage gap depends on the cost of your medications.

If you get Extra Help, you never go into the coverage gap.

## Avoiding the coverage gap

There are some ways you can avoid or delay entering the gap. And if you do have a coverage gap, there are things you can do to save money while you're in it.

- You might be able to switch to generic drugs or other less expensive drugs. Even though many cancer drugs don't have a generic alternative, the savings in non-cancer drugs may help a lot. Some cancer drugs now have a [biosimilar](#)<sup>3</sup> option, which usually cost much less.
  - Keep using your Medicare Part D card, even if you're in the coverage gap. This way you get the drug plan's discounted rates and the money you spend counts toward getting you out of the donut hole.
  - Drug manufacturers often have [Patient Drug Assistance Programs](#)<sup>4</sup> that provide the medication for free if you can't afford it.
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Contact the ACS cancer helpline to get answers and information.

### [Search for resources](#) <sup>7</sup>

Find free or low-cost resources from ACS and other organizations.

## Hyperlinks

1. [www.medicare.gov/basics/get-started-with-medicare/get-more-coverage/joining-a-plan](http://www.medicare.gov/basics/get-started-with-medicare/get-more-coverage/joining-a-plan)
2. [www.cms.gov/inflation-reduction-act-and-medicare](http://www.cms.gov/inflation-reduction-act-and-medicare)
3. [www.cancer.org/cancer/managing-cancer/treatment-types/biosimilar-drugs/what-are-biosimilars.html](http://www.cancer.org/cancer/managing-cancer/treatment-types/biosimilar-drugs/what-are-biosimilars.html)
4. [www.cancer.org/cancer/financial-insurance-matters/managing-health-insurance/prescription-drug-assistance-programs.html](http://www.cancer.org/cancer/financial-insurance-matters/managing-health-insurance/prescription-drug-assistance-programs.html)
5. [www.medicare.gov/](http://www.medicare.gov/)

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