

OVERVIEW OF THE MEDICARE COVERAGE GAP

Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means there’s a temporary limit on what the drug plan will cover for drugs. Not everyone will enter the coverage gap. The coverage gap begins after patients and drug plans have spent a certain amount for covered drugs. Also, people with Medicare who get *Extra Help* (see “Ways to Lower Patient Costs in the Coverage Gap” below) paying Part D costs will not enter the coverage gap.

Once patients enter the coverage gap, they receive a 50% manufacturer-paid discount on covered brand-name drugs. Although patients only pay 50% of the price for that brand-name drug, the entire price will count as out-of-pocket spending, which will help patients get out of the coverage gap.

EXAMPLE: Mrs. Anderson reaches the coverage gap. She goes to her pharmacy to fill a prescription for a covered brand-name drug. The price for the drug is \$60 and the dispensing fee is \$2. Once the 50% discount is applied, the cost of the drug is \$30. The \$2 dispensing fee is added to the \$30 discounted amount. Mrs. Anderson will pay \$32 for the prescription, but the entire \$62 will be counted as out-of-pocket spending and will help Mrs. Anderson get out of the coverage gap.

Patients also pay only 86% of the plan’s cost for covered generic drugs until they reach the end of the coverage gap.

If patients have a Medicare drug plan that already includes coverage in the gap, they may get a discount after the plan’s coverage has been applied to the price of the drug. The 50% discount for brand-name drugs will apply to the remaining amount that the patient owes.

EXAMPLE: Mr. Jones reaches the coverage gap in his Medicare drug plan. He goes to his pharmacy to fill a prescription for a covered generic drug. The price for the drug is \$20 and there is a \$2 dispensing fee that gets added to the cost. Once the 14% coverage is applied to the \$22, he will pay \$18.92 for the covered generic drug. The \$18.92 amount he pays will be counted as out-of-pocket spending to help him get out of the coverage gap.

If patients have a Medicare drug plan that already includes coverage in the gap, they may get a discount after their plan’s coverage has been applied to the price of the drug. The 50% discount for brand-name drugs will apply to the remaining amount that they owe.

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EXAMPLE: Patients are in a drug plan that offers a 60% discount on brand-name drugs (after they have spent a certain amount) and they fill a \$100 brand-name prescription. The cost of their prescription after their plan's savings is \$40. The 50% discount would get applied to the \$40 amount and they would pay \$20 for the prescription. The \$40 will count as out-of-pocket spending and help them get out of the coverage gap.

ITEMS THAT COUNT TOWARDS THE COVERAGE GAP

- The patient's yearly deductible, coinsurance, and copayments
- The discount patients get on brand-name drugs in the coverage gap
- The amount that patients pay in the coverage gap.

ITEMS THAT DON'T COUNT TOWARDS THE COVERAGE GAP

- The drug plan premium
- That amount that patients pay for drugs that are not covered.

IF PATIENTS THINK THEY SHOULD GET A DISCOUNT

If patients think they've reached the coverage gap and they do not get a discount when they pay for their brand-name prescription, they should review their next Explanation of Benefits (EOB) notice. If the discount does not appear on the EOB, patients should contact their drug plan to make sure that their prescription records are correct and up-to-date. If their drug plan does not agree that patients are owed a discount, they can file an appeal.

WAYS TO LOWER PATIENT COSTS IN THE COVERAGE GAP

1. *Consider Switching to Generics or Other Lower-Cost Drugs:* Patients can talk to their provider to find out if there are generic or less-expensive brand-name drugs that would work just as well as the ones they're taking now. Patients might also be able to save money by using mail-order pharmacies.
2. *Pharmaceutical Assistance Programs:* Some pharmaceutical companies offer help for people enrolled in Medicare Part D. Find out whether there's a Patient Assistance Program for the drugs the patients are taking.
3. *State Pharmaceutical Assistance Programs:* Many states and the U.S. Virgin Islands offer help paying drug plan premiums and/or other drug costs.
4. *Apply for Extra Help:** Medicare and Social Security have a program for people with limited income and resources that help patients pay for their prescription drugs. If they qualify, patients could pay between \$1 to \$6 for each drug. Apply online with Social Security or by calling: 1.800.772.1213. TTY users should call: 1.800.325.0778.
5. *Explore National and Community-Based Charitable Programs:* National and local charitable groups (like the National Patient Advocate Foundation or the National Organization for Rare Disorders) may have programs that can help with your drug costs.