



# Prescription Drug Coverage

## Understanding Medicare drug payment stages

Your prescription drug costs change during the year, depending on which payment stage you are in. The payment stages usually start over on January 1 with the Annual Deductible stage and the dollar limits in each stage may change each year. The coverage limits are determined by benchmarks set by the Centers for Medicare & Medicaid Services (CMS).

Payment stages	Member typically pays	Plan typically pays	Stage limit
<b>Annual deductible*</b>	100% until you reach the plan deductible	0%	Varies by plan
<b>Initial coverage</b>	A copay or coinsurance	Balance after copay and coinsurance	<b>Total drug costs</b> reach \$5,030
<b>Coverage gap</b>	25% of your drug costs	5%–75%	<b>Total out-of-pocket costs</b> reach \$8,000
<b>Catastrophic coverage</b>	You pay \$0	Varies	Through the end of the plan year

\*If your plan doesn't have a deductible, you skip this stage.



### What's the difference between total drug costs and out-of-pocket costs?

#### Total drug costs

What you pay for prescription drugs each year, plus what your plan pays.

Does not include your monthly plan premium.

#### Out-of-pocket costs

The total amount you pay for your covered prescription drugs, and any discounts paid by drug manufacturers while you are in the coverage gap.

Does not include your monthly plan premium.



If you get **Extra Help** from Medicare with your Part D costs, **the coverage gap doesn't apply to you**. Extra Help is a program for people with limited incomes who need help paying Part D premiums, deductibles and copays.