**MEDICARE PRESCRIPTION**

**DRUG COVERAGE**

**Medicare provides prescription drug coverage through Medicare Part D (Prescription Drug Plans) and Medicare Part C (Medicare Advantage health plans).**

* Part D coverage requires purchase of a stand-alone PDP;
* Part C plans include drug coverage within the overall health plan.

*In both cases, the drug coverage works the exact same way.*

**Enrollment in either Part C or Part D is subject to the same rules as enrollment in Medicare Parts A & B.**

* Initial enrollment is the 7-month period around the month in which you turn 65: 3 months before the month of your birthday, and three months after. If you miss this, the only other timeframe in which you may enroll is the annual Open Enrollment Period, October 15 through December 7 of each year, with coverage effective January 1 of the following year. There are also special enrollment periods governing special situations, such as losing your Group Health Insurance.

***There is a penalty for late enrollment, which remains with you for life.***  Late enrollment penalties are calculated based upon the period for which you should have been enrolled in Part C/D but were not. The penalty will be calculated once you join a Part D plan. In the instance of losing your GHI, you have 63 days from the date your GHI ended to enroll in either Part C or D after to avoid a penalty.

***You must have either Medicare Part A or Part B to enroll in a drug plan.*** There are no pre-existing condition exclusions; everyone with either Part A or Part B is eligible. Medicare prescription drug plans cover maintenance drugs purchased at a retail pharmacy or through mail-order.

***Every Medicare beneficiary has the right to change their Part D or Part C plan each year, during the Open Enrollment Period of October 15 through December 7.*** Since the plans change every year, it is *highly recommended* that every year you review your coverage during the Open Enrollment Period, either on your own or with a SHIP counselor.

While each plan covers prescription drugs, the plans vary in the details of the coverage. Plans have different costs, cover different drugs, may have a deductible, and use different pharmacy networks.

***Plans have different coverage periods throughout the year, and the costs for a specific drug will vary as you go through the different periods.*** The 4 periods are: Deductible (only if your plan has a deductible); initial coverage; coverage gap (donut hole); and catastrophic coverage.

* **Deductible period.** Not all plans have a deductible. Medicare limits the deductible to $480 for 2022. You pay full cost of the drug in this period, until you have met the deductible limit.
* **Initial coverage period.** Costs are shared by participant and plan, with beneficiary having copays as their share. This period ends once participant and the plan combined have spent $4,430, for 2022.
* **Coverage gap.** Beneficiary responsible for 100% of drug costs. In 2022, beneficiary will pay 25% for brand-name drugs and 25% for generic drugs while in this period.
* **Catastrophic coverage.** In 2022, reached after beneficiary spends $7,050 out-of-pocket for the year, including the discount on brand-name drugs from the drug manufacturer in the coverage gap. In catastrophic coverage, pay greater of 5% of cost or $3.95 for generics, 5% of cost or $9.85 for brands.

Extra Help (LIS) from Social Security may help pay Part D costs; low limits for income and assets.