

Medicare Part D Fact Sheet

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What is a Medicare Part D?

Medicare Part D helps pay for your prescription drugs. Part D drug coverage is optional and available to anyone with Medicare. Even if you don't take prescriptions drugs you should consider enrolling into a Part D drug plan. If you decide not to get Part D and do not have creditable prescription drug insurance, like coverage from an employer, union, or the VA, you'll likely pay a late enrollment penalty. You can get Medicare-approved prescription coverage by joining one of Medicare's approved plans. Each plan will vary in coverage and cost.



What do Medicare Part D Plans cover?

Medicare Part D plans must cover a wide range of prescription drugs; in general, covering at least two drugs per drug category. Plans get to choose which drugs they will cover, offering coverage of both brand-name and generics. Each plan will have a list of covered drugs, called a formulary. If the formulary does not provide coverage for your specific drug, in most cases a similar drug should be available. If your doctor believes that the alternative options will not work for your condition, you can ask for an exception. It is important to compare your options. The prescriptions you take should determine which plan will be the most effective for you.

How much do Medicare Part D Plans cost?

Monthly Premiums: All Medicare Part D Plan enrollees typically pay a premium. In Nebraska there are 24 Part D Prescription Drug Plans available, in 2023. Plan premiums range between \$4.70–\$113.60 per month. People with a higher income could pay more, known as IRMAA (Income Related Monthly Adjustment Amount). Your plan will send you a letter if you owe an IRMAA. If you don't think you owe the extra cost, you can contact your plan.

Deductibles/Copays: Medicare Part D plans can have a deductible up to \$505, in 2023. When you use your Medicare drug plan you will owe a copay or coinsurance amount for each prescription. Depending on a variety of factors your costs could range between \$0.–50% of full cost. Medicare Part D Plans do not have an out-of-pocket limit. All copays or coinsurance costs are your responsibility. Extra Help is available for people with lower income or limited resources.

Late Enrollment Penalties: Medicare Late Enrollment Penalties are imposed if you do not enroll into a Part D Plan when you're first eligible for coverage and decide to enroll later. Penalties are an amount that is permanently added to your Medicare drug coverage premium. The penalty depends on how long you went without Part D or creditable prescription drug coverage.

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What factors can affect my prescription drug costs?

Plan Formulary: Prescription drugs are assigned to different levels in the formulary, known as tiers. Different tiers have different costs. Generally, drugs in a lower tier will cost you less than a drug in a higher tier.

Pharmacy Network: Plans have a pharmacy network in which a pharmacy may be assigned a status of either "Preferred," "Standard," or "Out-of-Network." Preferred pharmacies will generally offer lower costs. Standard pharmacies may offer higher costs, but sometimes costs can be less than what's offered by a preferred option. Out-of-network pharmacies typically do not work with the plan. Comparing pharmacies is important.

Coverage Levels: Medicare drug coverage has four coverage levels. They include:

- **Deductible:** You could pay up to \$505 in 2023.
- **Initial Coverage:** You could pay between \$0.–50% of the drug's full price. This level is reached after meeting your plan's deductible.
- **Coverage Gap (Donut Hole):** You pay 25% of the drug's full price. This level is reached when you and your plan has spent a combined cost of \$4,660 in 2023.
- **Catastrophic Coverage:** You pay 5% of the drug's full price or set costs, \$10.35 for brand name, \$4.15 for generics, whichever is higher in 2023. This level is reached when your true out-of-pocket spending (What you pay plus what the manufacturer paid during the Coverage Gap for brand names.) reaches \$7,400 in 2023.

When can I get a Medicare Part D Plan?

You can join a Medicare Part D Plan when you first begin Medicare. If you work past age 65 and delay Medicare, you can choose a Part D Plan when you retire.

Medicare Part D plans are a one year commitment. Each year the plan can change costs and coverage. Because of this, you also get the chance to make changes. Every year, between October 15 and December 7, you have an opportunity to review your Medicare options. If you enroll in a new plan during this period, it will take effect January 1 of the following year.

How do I sign up for a Medicare Prescription Drug Plan?

Contact the Nebraska SHIP for a comparison of Medicare Prescription Drug Plan options in your area. Once you have selected a plan, SHIP can assist you in enrolling.

1-800-234-7119 - **www.doi.nebraska.gov/SHIP**

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