

Iverson Corner Drug Newsletter

Medicare Part D

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Special Edition



Topic

Medicare Part D

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The Donut Hole

The Medicare Donut Hole-What is it?

Medicare Part D is the portion of Medicare coverage that pays for prescription drugs. Many of our patients have Medicare and we want to take a moment to explain the coverage gap that can occur with Medicare Prescription Drug Plans. This coverage gap is also known as the "donut hole." This coverage gap is a temporary limit on what the drug plan will cover for your medications. Not everyone will enter this gap, as it begins after the patient and their drug plan have spent a certain amount for covered medications.

For example, a patient will begin by paying their plan's deductible. This deductible is the amount of money spent by the patient for prescriptions before Medicare begins paying for their prescriptions. The maximum deductible for 2016 is \$360/year. Once the deductible is reached, the patient will pay on average 20% of the medication cost, while the prescription drug plan will pay 80% of the prescription drug cost. This occurs until you reach (in 2016) a spent cost of \$3,310. Once you have spent this amount, you will enter into the coverage gap.

Once you reach the coverage gap the percentage of the cost you pay for your medications will increase. The amount of the increase is different depending on if you are taking brand-

name or generic prescription medications, as demonstrated in the next section of this article.

Donut Hole for brand-name prescription medications:

In 2016, you will pay 45% of the plan's cost for covered brand-name prescription medications. Although you will only be paying 45% of the medication cost, 95% of the total retail cost of the medication will count towards getting you out of your coverage gap.

Donut Hole for generic prescription medications:

In 2016, you will pay 58% of the price for generic medications. For generic medications, only the 58% that the patient pays will count towards getting you out of the coverage gap.

How do I get out of the coverage gap?

Items that count as out-of-pocket expenses include:

- Yearly deductible, coinsurance and copayments
- Discount you receive on brand-name medications while in the coverage gap
- Amount you pay for medications while in the coverage gap

In 2016, if a patient spends \$4,850 out-of-pocket expenses they exit the coverage gap and their Medicare prescription plan begins covering an increase amount of your prescriptions.

The shrinking coverage gap:

Medicare has put a plan into place in order to shrink the coverage gap each year until it disappears in the year 2020. Starting in 2020, patients with Medicare part D will pay 25% for both brand-name and generic prescription coverage.

	You'll pay this percentage for brand-name drugs in the coverage gap	You'll pay this percentage for generic drugs in the coverage gap
2015	45%	65%
2016	45%	58%
2017	40%	51%
2018	35%	44%
2019	30%	37%
2020	25%	25%

It is important to recognize that this coverage gap, or "donut hole," exists and what it means for you. Take time to plan your expenses accordingly. If you are taking an expensive medication or multiple medications you will reach the "donut hole" quicker.

At Iverson Corner Drug, we can review your medications and provide an estimate of your cost throughout the year. We'd like to help you understand this coverage gap, so that you can better prepare for the costs of your prescriptions through the year.

Resource: Medicare.gov

Give us a call at (218) 444-3000 or stop by our pharmacy
at 408 Minnesota Ave NW.

It's Your Health... We can help!

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