

TIPS FOR UNDERSTANDING

Medicare Part D: Prescription Drug Plans



A Medicare Part D plan provides prescription drug coverage. You have two options when choosing a Part D plan:

- **Combined Coverage plans** offer Part D drug coverage, along with hospital and medical coverage.
- **Standalone plans** only provide prescription drug coverage. You can pair them with Original Medicare alone or also with some private health plans like Medicare Cost plans or Medicare Supplement (Medigap) plans that don't include prescription drug coverage.

Private insurance companies under contract with Medicare provide all of these prescription drug plans because Original Medicare doesn't include outpatient prescription drug coverage.

Eligibility

You're eligible to sign up for a Medicare Part D plan if you:



Are enrolled in Medicare
Part A and/or Part B



Are a permanent resident in
the plan's service area

Part D overview

Monthly premiums, copays/coinsurance, and drugs covered vary by Part D plan. Some plans have a Part D deductible. A plan's costs and the drugs it covers may change year over year, so it's important to review your needs each year to be sure your plan still works for you.

If you choose not to enroll in Part D when you first become eligible for Medicare, you may have to pay a monthly late enrollment fee if you enroll later. This higher premium will apply as long as you have Part D. The longer you delay your Part D enrollment, the greater the penalty. But if you continue to work past age 65 and have a creditable employer plan, you're not subject to the late enrollment penalty.

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Part D coverage stages

YOU PAY The plan deductible	Annual deductible This is the amount you must pay each year for your prescriptions before your Part D plan starts to pay its share of your covered drug costs. Some plans don't have a deductible.
YOU PAY Copay or coinsurance for the drugs you take	Initial coverage Once you meet your annual deductible, your plan pays for some of your drug costs, and you pay a set amount (copay) or percentage of the costs (coinsurance), depending on the plan you chose.
YOU PAY Nothing	Catastrophic coverage Once you've spent \$2,100 out of pocket, your plan pays all costs for covered drugs for the remainder of the year.