Bellco eNewsletter October 2016

eNewsletter—October 2016

NAVIGATING THE MEDICARE DONUT HOLE

Some pharmacies offer customer loyalty cards, which may help customers save money on prescription drugs. You may be able to get your medication for less than your copay. While this could be an option for some people, it certainly isn't true for all people.

For example, let's say you have a $10 copay when you get a prescription through your Medicare Part D plan. If you get your prescription through a pharmacy loyalty plan instead of your Part D plan, your copay may be only $4. As tempting as that $4 copay is, you should still use your Part D plan to pay for your prescription. It all boils down to the Medicare drug coverage gap or "donut hole."

How the Coverage Gap Works:
Most Medicare drug plans include payment tiers or limits. The first tier is called Initial Coverage. In this tier, you and your plan pay up to $2,960. This dollar amount is based on the total cost of your medications, including plan contributions and copays. Once you have reached the $2,960 amount, you enter the coverage gap or donut hole. While in the coverage gap, you will pay a larger share of your prescription drug costs, up to $4,700. This $4,700 is made up of your out-of-pocket expenses only. Plan contributions are not included in the $4,700 amount. Once you get out of the donut hole and into the Catastrophic Coverage tier, you will pay only a small coinsurance amount or copayment for covered drugs for the rest of the year.

The coverage gap is set to close in 2020. Until then, filling prescriptions outside of your plan may count against you if you have large prescription drug bills and need to get out of the coverage gap and into catastrophic coverage. However, if getting your prescriptions filled outside of your Part D plan means never reaching the coverage gap, it might be beneficial for you.