



There are three categories of out-of-pocket expenses associated with Medicare Part D drug plans: the monthly premium, the annual deductible (although some plans do not have a deductible), and the co-payments.

The **monthly premium** is the amount you pay each month to the Medicare Part D plan for coverage. Each Part D plan has a different monthly premium. On the [Medicare website you can find the cost of monthly premiums](#). If you have “extra help” with Medicare Part D, you can get into a Medicare Part D Plan that does not charge you a premium.

The **annual deductible** is the amount you pay for your medications before your coverage begins. (Some Medicare Part D Plans have no deductible.) This deductible is in addition to your monthly premium. During the deductible you pay 100% of your drug costs. Note: If you have “extra help” with Medicare Part D, you should not have a deductible.

A **co-payment (or co-insurance)** is the amount you pay for your prescriptions after you have met the annual deductible amount. This will vary depending on your total drug costs and the particular Medicare Part D Plan you are in.

Note: If you have “extra help” with Medicare Part D, you should pay relatively low co-pays for all your covered medications regardless of which plan you are in.

Most Medicare Part D Plans have a **Coverage Gap** (the “**Donut Hole**”), but under the Affordable Care Act, the Coverage Gap is gradually going away. In 2019, while in the Coverage Gap, you will pay 25% of the cost of your brand-name drugs and 37% of the cost of your generics. In 2019, you will enter the Coverage Gap once the **total cost** of your drugs reaches \$3,820 (**Total cost** means the amount you paid for your drugs **combined with** the amount the Medicare Part D Plan paid for them.) In 2019, you will get out of the Coverage Gap for the rest of the Plan year after True Out-of-Pocket (Troop) costs reach \$7653.75. (Troop includes the amount you have paid on prescription drugs and the 70% discount on brand-name drugs that the drug manufacturers provide when you are in the Coverage Gap. Troop does not include the cost of your monthly premiums). Once you are out of the coverage gap, you will pay a small co-insurance/co-payment for your drugs. Note: If you have “extra help” with Medicare Part D, you do not have a Coverage Gap.

NOTE: Get more information about “[extra help](#)” with Medicare Part D costs.

Revised December 2018

Source URL:

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