

Resources for Medicare Beneficiaries: Navigating the Coverage Gap

How the Gap May Affect You



What is the Coverage Gap?

The coverage gap (sometimes called the “donut hole”) is when Medicare temporarily stops paying for your prescriptions and you have to pay the entire cost yourself. The coverage gap is only likely to affect about 8% of Medicare beneficiaries and only applies to those who have Medicare prescription drug coverage. You may see little or no impact from the coverage gap if:

- You have very low drug costs each year.
- You have “extra help” (limited income subsidy) from Medicare or the Social Security Administration.
- You have Medicaid. (You may qualify for Medicaid part way through the year if your out-of-pocket spending on medicines or other healthcare significantly reduces the income you have left for living expenses.)
- You have coverage from a state program in addition to Medicare.
- You have an “enhanced” Medicare prescription drug plan or a Medicare Advantage Plan that provides extra coverage during the gap, possibly even eliminating it. You may switch to one of these plans during the next enrollment period (November 15 through December 31, 2007).

Some drug companies offer financial assistance for their medicines. To apply for these programs, visit www.helpingpatients.org, or call the Partnership for Prescription Assistance at 1-888-477-2669.

If you think you may be affected by the coverage gap, read on to find out more about how it works.

www.YourPharmacyBenefit.org

Planning Ahead: How the Coverage Gap May Affect You

All Medicare drug plans are not the same. When you join a Medicare drug plan, the plan sends you information about how the coverage gap works for that plan. Read this information carefully and call your plan if you have questions.

- Figure out if and when you will enter the coverage gap by reviewing the information you got when you signed up for your Medicare drug plan.
- Read and keep the monthly statements you get from your plan. These statements track how much you and your plan pay for your drugs each month. They also tell you how close you are to entering the coverage gap. It is also a good idea to keep track of your expenses yourself. Pages 4 and 5 explain how.

If you still have questions about your coverage, call your plan. You can also call 1-800-MEDICARE (1-800-633-4227); TTY users should call 1-877-486-2048.

You may be able to delay reaching the coverage gap by using lower-cost drugs covered by your plan; check with your health care provider to see if there are other medicines that will work for you.



The U.S. Department of Health and Human Services' Centers for Medicare & Medicaid Services has reviewed this publication, which is produced by YourPharmacyBenefit.org. YourPharmacyBenefit.org is a collaborative effort among non-profit organizations representing consumers, physicians, pharmacy, and pharmaceutical companies that strives to educate consumers to make informed decisions when choosing and using their pharmacy benefits, thus empowering them to access the medicines their health care providers prescribe. This publication may be reprinted for educational and nonprofit purposes.

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Getting Into and Out of the Coverage Gap: How It Works

In a standard Medicare drug plan in 2007, you enter the coverage gap when the total amount spent on “covered drugs” *by you and your plan combined* reaches \$2,400.[?]

Only covered drugs count toward getting you into – and out of – the coverage gap. Covered drugs are medicines for which your plan pays at least part of the cost at some time during the year.

- Once you enter the coverage gap, you must pay 100% of your prescription drug costs until the total amount you have paid reaches the “out-of-pocket limit.” The out-of-pocket limit is a dollar amount that marks the end of the coverage gap. This limit includes the amounts you paid before you entered the coverage gap. In 2007, the out-of-pocket limit for most plans that have a coverage gap is \$3,850.
- Once you reach the out-of-pocket limit you pay 5% of your covered drug costs (or a small copayment) until the end of the calendar year. Your plan pays the rest. This is called “catastrophic” coverage because it protects you if your total drug costs are very high.

Only certain kinds of expenses count toward the out-of-pocket limit.

- Expenses that count toward the out-of-pocket limit include what you spend on covered drugs (including your deductible, copayments, coinsurance, and all payments you make for covered drugs through the coverage gap).
- Expenses that *do not count* toward the out-of-pocket limit include your monthly premium payments, payments for drugs that are not covered drugs, payments for drugs purchased from other countries such as Canada, and costs paid by certain assistance programs.



It's important to keep taking your medicines as prescribed during the coverage gap. You should never make changes like skipping doses, cutting pills in half, or stopping a medication without first talking to your health care provider.

[?] Does not include monthly premium (i.e., the amount you pay each month for coverage).

Keeping Track of Your Spending

You should always show your Medicare card at the pharmacy when you fill a prescription, even if you don't think the plan will pay anything. It is also important to keep track of your spending for covered drugs so you know when you are coming close to entering and exiting the coverage gap.

- Ask your pharmacist to tell you if your plan covers your medication when you fill the prescription. Make a note on the receipt to remind you what the pharmacist told you.
- Save all your receipts for prescription medicines.
- Read and keep all monthly statements from your plan.
- Keep an Expense Log to track your monthly costs. The sample on page 5 shows you how.
- Call your plan if you have questions about your expenses.



Getting Help During the Gap

- Social Security can tell you if you qualify for extra help; call 1-800-772-1213 (TTY users should call 1-800-325-0778).
- Call your local office on aging or visit www.eldercare.gov.
- Call your State Health Insurance Assistance Program for information about Medicare and Medicaid. To find one near you call 1-800-MEDICARE (1-800-633-4227) or visit www.medicare.gov.

If you have high total drug costs and don't have extra help during the coverage gap, consider switching to a plan that doesn't have a coverage gap. You can switch plans between November 15 and December 31, 2007. If you switch plans during this time, your new coverage will start in January 2008.

Sample Expense Log

It's important to track your spending to see when you will enter and exit the coverage gap. The sample expense log below shows you how.

Mary has Medicare prescription drug coverage for the seven medicines she takes every month. Her plan has a \$265 deductible at the beginning of the year and Mary pays a copay for each of her prescriptions. Your plan may be different than Mary's.

Monthly Expenses for Covered Drugs			
	Mary Paid:	Plan Paid:	Total Drug Cost:
January	\$350.00	\$450.00	\$800.00
February	\$150.00	\$650.00	\$800.00
March	\$150.00	\$650.00	\$800.00
<i>Total expenses from January to March</i>	\$650.00	\$1,750.00	\$2,400.00
April	\$800.00	\$0	\$800.00
May	\$800.00	\$0	\$800.00
June	\$800.00	\$0	\$800.00
July	\$800.00	\$0	\$800.00
<i>Total expenses from January to July</i>	\$3,850.00	\$1,750.00	\$5,600.00
August	\$40.00	\$760.00	\$800.00
September	\$40.00	\$760.00	\$800.00
October	\$40.00	\$760.00	\$800.00
November	\$40.00	\$760.00	\$800.00
December	\$40.00	\$760.00	\$800.00

Mary paid more in January because she had to meet her \$265 deductible before her plan started to pay toward the cost of her medicines.

Mary entered the coverage gap at the end of March because her total drug costs (what she paid plus what her plan paid) reached \$2,400.

Mary exited the coverage gap in July because the total amount that she paid herself for her medicines reached \$3,850.

In August, Mary entered "catastrophic coverage." This means that she paid 5% of the cost for her medicines and her plan paid the rest.

You can find out how much your plan paid by looking at your pharmacy receipt.

- The amount you paid plus the amount your plan paid is your total drug cost. Add your total drug costs each month to see how close you are to entering the coverage gap. Remember, in 2007 you enter the coverage gap when your total drug costs reach \$2,400.
- Add the total amounts you paid each month to find out how close you are to exiting the coverage gap. In 2007, the out-of-pocket limit for most plans that have a coverage gap is \$3,850.



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