

MEDICARE CHANGES TO TAKE EFFECT IN 2020

63M consumers are projected to be enrolled in Medicare by 2020.

THE COVERAGE GAP EXPLAINED

What is the donut hole?

The donut hole is the 2nd coverage period throughout Part D Medicare. You enter this period when your total drug costs reach **\$4,020**

How do I get out?

You get out of the donut hole once you reach the catastrophic coverage period. You reach this 4th period once your out-of-pocket drug costs are **\$6,350**

1 in 5 consumers reach the donut



hole each year

MEDICARE EXPENSES ARE GOING UP

Part B premiums increase
\$144.60 is the standard.
 High income earners pay more.

More out of pocket costs
 Part B Deductible is **\$198**.
 Part D deductibles have increased from \$415 to **\$435**

(Not all plans have deductibles)

Losing money to drugs
87% The amount of seniors who don't annually review their drug plan. On average you will save \$600 annually.

Nearly 9 in 10 seniors are affected



DONUT HOLE 2020

Catastrophic Period

Generic Drugs
\$3.60

Brand Name
\$8.95 or 5%



Donut Hole Drug Costs

Generic Drugs
You Pay 25%

Brand Name
You Pay 25% + small fee

REMEMBER

Medicare Advantage Provider Networks and Benefits (OTC, Dental, Vision, Hearing Aids) Change Every Year.



My drug costs at the pharmacy suddenly increased and my pharmacist said it's because I'm in the coverage gap.

What is the coverage gap and how do I get out?

The coverage gap- or as it's more commonly known, "the donut hole"- is one of the four coverage periods people with Medicare Part D can be in during the year. Many people find out they've reached the doughnut hole when they unexpectedly get a big bill at the pharmacy.

You reach the donut hole after you have gone through the deductible (which is the 1st coverage period. The deductible in 2019 was \$415 and in 2020 it is \$435) and the initial coverage periods (which is the 2nd coverage period). In 2020, you enter the donut hole when your total drug costs reach \$4,020. Your total drug costs are what you and your plan have spent on covered prescriptions since the start of the year. (In 2019, you entered the donut hole when your total drug costs reached \$3,820.)

Your costs at the pharmacy temporarily increase when you're in the donut hole. In the past, people were usually responsible for the full cost of their prescriptions during this period. However, because of health reform, discounts are now available while in the coverage gap (the 3rd coverage period). These discounts will increase every year. In 2020, the discount on covered brand-name drugs is 25% plus a small fee and the discount on covered generics is 25%.

So, how do you get out of the donut hole? In 2020, you get out of the donut hole and into the 4th coverage period (catastrophic coverage) when you have spent \$6,350 out-of-pocket on drugs since the start of the year. This amount includes what you've paid out-of-pocket, but it does not include your premium or anything your plan paid toward your drugs. (It does include your deductible, your co-pays or coinsurance, and what you pay while in the gap - including the discounts on your brand name medication while in the gap; you get credit for the 95% of the cost of the brand name medication. Your plan pays 5% of the cost of brand name drugs while in the donut hole.)

In 2020 if you reach the catastrophic coverage level you pay \$3.60 for generics or preferred drugs and \$8.95 or 5% for all other drugs.

