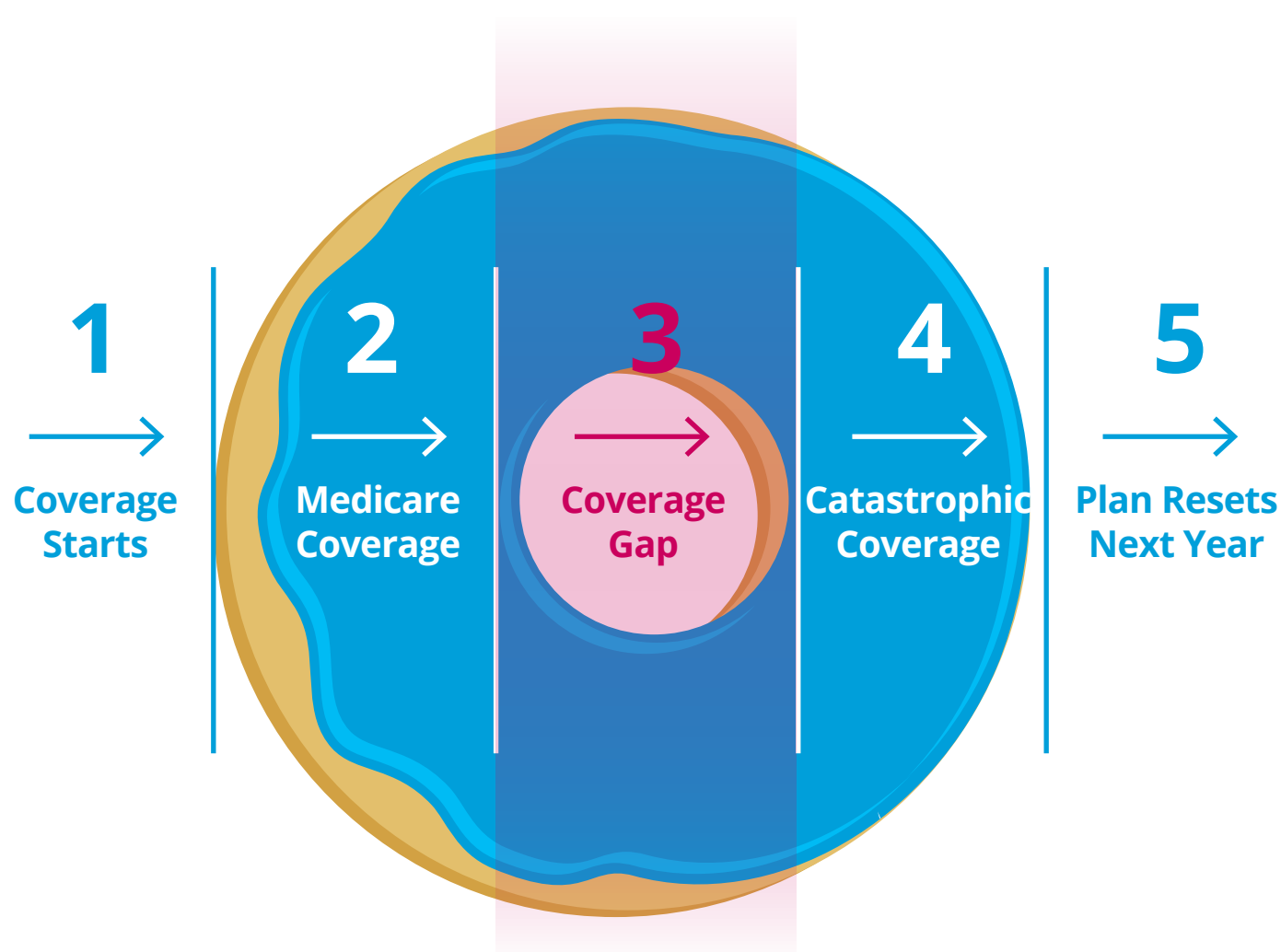


The Medicare DONUT HOLE Explained

What is the Medicare Donut Hole?*

It's This Gap:

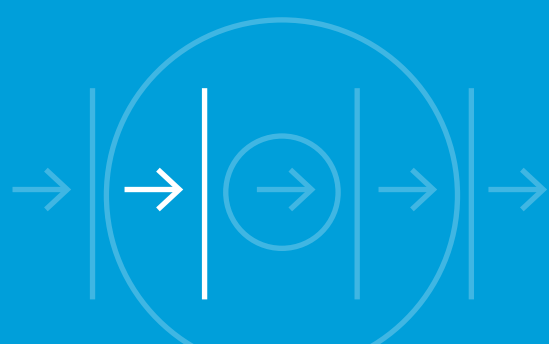


Wait, What? Please Explain.



1. Coverage Starts

Your Medicare Part D coverage takes effect. Your plan will pay a percentage of your prescription drug costs. Great! But there's a catch. This level of payment only applies until you and your plan have spent \$3,750 from the beginning of the calendar year. This is called an Initial Coverage Limit.



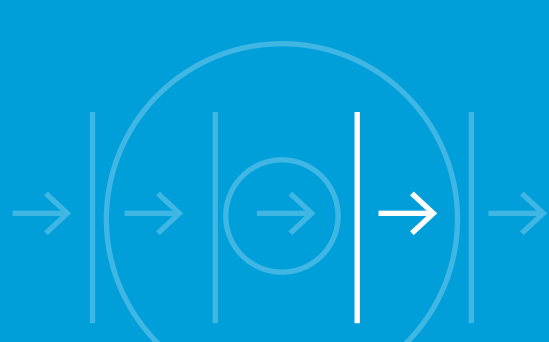
2. Medicare Coverage (Part D)

You use your coverage until you hit your plan's \$3,750 Initial Coverage Limit. Let's say your plan states that you only have to pay \$10 for generic prescriptions. If a drug is \$100, you'll pay \$10 and the insurance company will pay \$90. The total drug cost of \$100 will be applied to your Initial Coverage Limit.



3. Coverage Gap

This is the donut hole. After you've hit the Initial Coverage Limit, the amount you have to pay out of pocket goes up significantly. In 2018, you have to pay 35% of the price for brand-name drugs and 44% of the price for generic drugs. In 2019, the gap will be virtually eliminated, and you'll pay 25% for both brand-name and generic drugs after you hit the Coverage Limit.



4. Catastrophic Coverage

You get out of the coverage gap when your out-of-pocket costs—both before and after you hit the Initial Coverage Limit—reach \$5,000. Now you're eligible for catastrophic coverage. You'll pay either 5% of the cost of each drug, or \$3.35 for generics and \$8.35 for brand-name drugs (whichever is greater).



5. Plan Resets Next Year

Your catastrophic coverage will last until December 31. At that point, the Initial Coverage Limit will reset. On January 1, you return to Step 1.