

Medicare Part D: STANDARD PRESCRIPTION DRUG BENEFIT for 2020

Medicare Part D is a voluntary outpatient prescription drug benefit for Medicare beneficiaries, provided through private plans approved by the federal government. Beneficiaries can choose to enroll in a stand-alone prescription drug plan (PDP) each year to supplement traditional Medicare (Parts A and B) and their Supplemental (“Medigap”) medical plan (if one is in force) or select an “Advantage” plan which includes Part D coverage and replaces original Medicare.

The Congressional Budget Office (CBO) estimates spending on Part D benefits will total **\$99 billion in 2019**—highlighting the importance in understanding the minimum standard set for all Part D plans each year by the Centers for Medicare & Medicaid (CMS) and for beneficiaries to carefully consider their Part D coverage options (based on their Rx’s, plan benefits available, plan formularies and premiums).

The below chart demonstrates the standard prescription drug benefit set for 2020 that **plans must provide** at minimum for their **members**. Plans can provide richer benefits than the minimum standard, but lesser benefits are not permissible.

CATASTROPHIC** —all costs after member pays \$6350 out-of-pocket (<i>\$5100 in 2019</i>)	
Member pays the greater of 5% or \$8.95 (for brands) and \$3.60 (for generics)	Plan and Medicare pay all balances of formulary Rx’s
COVERAGE ‘GAP’* —limit on what the plan pays until member pays \$6350 out-of-pocket (<i>\$5100 in 2019</i>)	
Member pays up to 25% of generic and brand Rx’s (formerly 25% of brands and 37% of generics in 2019) Rx’s <u>MUST</u> be on the plan’s formulary! Some plans provide richer benefits than others	Plan and Manufacturer Discounts pay 75% or more of formulary Rx’s
INITIAL COVERAGE LIMIT —up to \$4020 of total retail cost (<i>\$3820 in 2019</i>)	
Member pays part of their Rx’s In the form of copays or coinsurance; some plans provide \$0 cost Rx’s at preferred pharmacies	Plan pays part of Rx’s
DEDUCTIBLE (<i>\$415 in 2019</i>)	
Member may pay up to the first \$435 in Rx costs Many plans have \$0 or lower than \$435 deductibles	

*Only 12% of Medicare beneficiaries enter the Coverage ‘Gap’

**Only 4% of Medicare beneficiaries reach the Catastrophic limit.

Note: total retail costs and out-of-pocket do not include premiums paid for Part D plans.

For more information, see: <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/costs-in-the-coverage-gap/more-drug-savings-coming-through-2020>