

Medicare Part D Fact Sheet

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What is a Medicare Part D?

Medicare Part D helps pay for your prescription drugs. Part D drug coverage is optional and available to anyone with Medicare. Even if you don't take prescriptions drugs you should consider enrolling into a Part D drug plan. If you decide not to get Part D and do not have creditable prescription drug insurance, like coverage from an employer, union, or the VA, you'll likely pay a late enrollment penalty. You can get Medicare-approved prescription coverage by joining one of Medicare's approved plans. Each plan will vary in coverage and cost.



What do Medicare Part D Plans cover?

Medicare Part D plans must cover a wide range of prescription drugs; in general, covering at least two drugs per drug category. Plans get to choose which drugs they will cover, offering coverage of both brand-name and generics. Each plan will have a list of covered drugs, called a formulary. If the formulary does not provide coverage for your specific drug, in most cases a similar drug should be available. If your doctor believes that the alternative options will not work for your condition, you can ask for an exception. It is important to compare your options. The prescriptions you take should determine which plan will be the most effective for you.

How much do Medicare Part D Plans cost?

Monthly Premiums: All Medicare Part D Plan enrollees typically pay a premium. In Nebraska there are 22 Part D Prescription Drug Plans available, in 2024. Plan premiums range between \$0.50–\$123.50 per month. People with a higher income could pay more, known as IRMAA (Income Related Monthly Adjustment Amount). Social Security will send you a letter if you owe an IRMAA. If you don't think you owe the extra cost you may request a reduction by submitting Form SSA-44 to the Social Security Administration.

Deductibles/Copays: Medicare Part D plans can have a deductible up to \$545, in 2024. When you use your Medicare drug plan you may owe a copay or coinsurance amount for each prescription. Depending on a variety of factors your costs could range between \$0.–50% of full cost. All copays or coinsurance costs are your responsibility. People with lower income or limited resources may qualify for the Extra Help program, which helps with Part D costs.

Late Enrollment Penalties: Medicare Late Enrollment Penalties are imposed if you do not enroll into a Part D Plan when you're first eligible for coverage and decide to enroll later. Penalties are an amount that is permanently added to your Medicare drug coverage premium. The penalty depends on how long you went without Part D or creditable prescription drug coverage.

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What factors can affect my prescription drug costs?

Plan Formulary: Prescription drugs are assigned to different levels in the formulary, known as tiers. Different tiers have different costs. Generally, drugs in a lower tier will cost you less than a drug in a higher tier.

Pharmacy Network: Plans have a pharmacy network in which a pharmacy may be assigned a status of either “Preferred,” “In-Network,” or “Out-of-Network.” Preferred pharmacies generally offer lower costs. In-network pharmacies may offer higher costs. Out-of-network pharmacies do not work with the plan. Comparing pharmacies is important. Sometimes costs can be less at an in-network pharmacy versus a preferred option.

Coverage Levels: Medicare drug coverage has four coverage levels. They include:

- **Deductible:** You could pay up to \$545 in 2024.
- **Initial Coverage:** You could pay between \$0.–50% of the drug’s full price. This level is reached after meeting your plan’s deductible.
- **Coverage Gap (Donut Hole):** You pay 25% of the drug’s full price. This level is reached when you and your plan has spent a combined cost of \$5,030 in 2024.
- **Catastrophic Coverage:** You pay zero cost in 2024. This level is reached when your true out-of-pocket spending, what you pay plus what the manufacturer paid during the Coverage Gap for brand name drugs, reaches \$8,000 in 2024.

When can I get a Medicare Part D Plan?

You can join a Medicare Part D Plan when you first begin Medicare. If you work past age 65 and delay Medicare, you can choose a Part D Plan when you retire.

Medicare Part D plans are a one year commitment. Each year the plan can change costs and coverage. Because of this, you also get the chance to make changes. Every year, between October 15 and December 7, you have an opportunity to review your Medicare options. If you enroll in a new plan during this period, it will take effect January 1 of the following year.

How do I sign up for a Medicare Prescription Drug Plan?

Contact the Nebraska SHIP for a comparison of Medicare Prescription Drug Plan options in your area. Once you have selected a plan, SHIP can assist you in enrolling.

1-800-234-7119 - www.doi.nebraska.gov/SHIP

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