

**Medicare.gov**

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## Medicare Prescription Drug Coverage (Part D)

Medicare offers prescription drug coverage to everyone with Medicare. If you decide not to join a Medicare drug plan **when you're first eligible**, and you don't have other [creditable prescription drug coverage](#), or you don't get **Extra Help**, you'll likely pay a **late enrollment penalty**.

To get Medicare prescription drug coverage, you must join a plan run by an insurance company or other private company approved by Medicare. Each plan can vary in cost and drugs covered.

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### 2 Ways to Get Medicare Drug Coverage

There are two ways to get Medicare prescription drug coverage:

**Medicare Prescription Drug Plans.** These plans (sometimes called "PDPs") add drug coverage to [Original Medicare](#), some [Medicare Cost Plans](#), some [Medicare Private Fee-for-Service \(PFFS\) Plans](#), and [Medicare Medical Savings Account \(MSA\) Plans](#).

**Medicare Advantage Plans (like an HMO or PPO) or other Medicare health plans that offer Medicare prescription drug coverage.** You get all of your Part A and Part B coverage, and prescription drug coverage (Part D), through these plans. Medicare Advantage Plans with prescription drug coverage are sometimes called "MA-PDs." You must have Part A and Part B to join a Medicare Advantage Plan.

Both types of plans are called "Medicare drug plans." In either case you must live in the service area of the Medicare drug plan you want to join.

### When Can You Join a Medicare Drug Plan?

**Between October 15 – December 7, anyone can join, switch, or drop a Medicare drug plan.** The change will take effect on January 1 as long as the plan gets your request by December 7.

**When you're first eligible for Medicare**, you can join during the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65.

**If you get Medicare due to a disability**, you can join during the 7-month period that begins 3 months before your 25th month of disability, includes your 25th month of disability, and ends 3 months after your 25th month of disability. You'll have another chance to join

### Related Links

#### Your Medicare Benefits

[Are you having trouble paying for prescription drugs](#)

[4 Ways to Help Lower your Medicare Prescription Drug Costs](#)

[How Medicare Drug Plans Use Pharmacies, Formularies, and Common Coverage Rules](#)

[Are You Paying the Right Amount for Your Prescriptions?](#)

[Medicare Prescription Drug Coverage: How to Join a Medicare Drug Plan](#)

[Quick Facts about Medicare Prescription Drug Coverage for People Who Have Drug Coverage from an Employer or Union](#)

[Things to Think about when You Compare Medicare Drug Coverage](#)

that starts 3 months before the month you turn 65 ends 3 months after the month you turn 65.

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**If you get Extra Help**, you can join, switch or drop a Medicare drug plan anytime.

#### **Special Enrollment Periods**

You generally must stay enrolled for the calendar year. However, in certain situations, you may be able to join, switch, or drop Medicare drug plans at other times:

- If you move out of your plan's service area
- If you lose other creditable prescription drug coverage
- If you live in an institution (like a nursing home)

#### **How to Join a Medicare Drug Plan**

Once you choose a Medicare drug plan, you may be able to join by:

- Enrolling on the plan's Web site or on [www.medicare.gov](http://www.medicare.gov)
- Completing a paper application
- Calling the plan
- Calling 1-800-MEDICARE

When you join a Medicare drug plan, you'll give your Medicare number and the date your Part A and/or Part B coverage started. This information is on your Medicare card.

#### **Joining a Medicare Drug Plan May Affect Your Medicare Advantage Plan**

If your Medicare Advantage Plan includes prescription drug coverage and you join a Medicare Prescription Drug Plan, you'll be disenrolled from your Medicare Advantage Plan and returned to Original Medicare.

#### **How to Switch Your Medicare Drug Plan**

You can switch to a new Medicare drug plan simply by joining another drug plan **during one of these times**. **You don't need to cancel your old Medicare drug plan or send them anything**. Your old Medicare drug plan coverage will end when your new drug plan begins.

If you want to join a plan or switch plans, do so as soon as possible so you'll have your membership card when your coverage begins, and you can get your prescriptions filled without delay. You should get a letter from your new Medicare drug plan telling you when your coverage begins.

**Don't give personal information to plans that call you unless you're already a member of the plan.**

#### **How to Drop Your Medicare Drug Plan**

If you want to drop your Medicare drug plan and you don't want to join a new plan, you can do so **during one of these times**.

- You can disenroll by calling 1-800-MEDICARE.
- You can also send a letter to the plan to tell them you want to disenroll.

If you drop your plan and want to join another Medicare drug plan later, you have to wait for an **enrollment period**. You may have to pay a **late enrollment penalty**.

#### **What You Pay for Medicare Drug Coverage**

You'll make these payments throughout the year in a Medicare drug plan:

- Monthly premium
- Yearly deductible
- Copayments or coinsurance

**Costs in the coverage gap**

**Costs if you get Extra Help**

**Costs if you pay a Late Enrollment Penalty**

**Your actual drug plan costs will vary** depending on:

The prescriptions you use and whether your plan covers them

The plan you choose

Whether you go to a pharmacy in your plan's network

Whether your drugs are on your plan's formulary

Whether you get **Extra Help** paying your Part D costs

**Look for specific Medicare drug plan costs**, and then call the plans you're interested in to get more details.

If you have limited income and resources, see if you qualify for **Extra Help** to pay for Medicare prescription drug coverage. You may also be able to get **help from your state**.

**Monthly Premium**

Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium you pay to your plan may include an amount for prescription drug coverage.

**Get Your Premium Automatically Deducted**

Contact your drug plan (**not** Social Security) if you want your premium deducted from your monthly Social Security payment. Your first deduction will usually take 3 months to start, and 3 months of premiums will likely be deducted at once.

After that, only one premium will be deducted each month. You may also see a delay in premiums being withheld if you switch plans. If you want to stop premium deductions and get billed directly, contact your drug plan.

**Your Premium Could Be Higher Based on Income**

A small group—fewer than 5% of all people with Medicare—may pay a higher monthly premium for Part D coverage based on their income. This includes Part D coverage you get from a Medicare Prescription Drug Plan, or a Medicare Advantage Plan or Medicare Cost Plan that includes Medicare drug coverage.

If your modified adjusted gross income as reported on your IRS tax return from 2 years ago (the most recent tax return information provided to Social Security by the IRS) is above a certain limit, you'll pay an extra amount in addition to your plan premium. Usually, the extra amount will be deducted from your Social Security check.

**Contact Social Security With Questions**

See Social Security's "**Medicare Premiums: Rules for Higher Income Beneficiaries.**" Contact **Social Security** if you have to pay an extra amount and you disagree (for example, you have a life event that lowers your income).

**Costs in the Part D Coverage Gap**

Most Medicare drug plans have a coverage gap (also called the "donut hole"). This means there's a temporary limit on what the drug plan will cover for drugs.

Not everyone will enter the coverage gap. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs.



You'll also save 7% of the plan's cost for all generic drugs until you reach the end of the coverage gap.

#### Items That Count Towards the Coverage Gap

- Your yearly deductible, coinsurance, and copayments
- The discount you get on brand-name drugs in the coverage gap
- What you pay in the coverage gap

#### Items That DON'T Count Towards the Coverage Gap

- The drug plan premium
- What you pay for drugs that aren't covered

#### 5 Ways to Lower Your Costs in the Coverage Gap

**Consider Switching to Generics or Other Lower-Cost Drugs:** Talk to your doctor to find out if there are generic or less-expensive brand-name drugs that would work just as well as the ones you're taking now. You might also be able to save money by using mail-order pharmacies. Learn more in the [Medicare Plan Finder](#).

**Pharmaceutical Assistance Programs:** Some pharmaceutical companies offer help for people enrolled in Medicare Part D. Find out whether there's a Patient Assistance Program for the drugs you take by visiting our [Pharmaceutical Assistance Program](#) site.

**State Pharmaceutical Assistance Programs:** Many states and the U.S. Virgin Islands offer help paying drug plan premiums and/or other drug costs. Find out if your state has a program by visiting our [State Pharmaceutical Assistance Program](#) site.

**Apply for Extra Help:** Medicare and Social Security have a program for people with limited income and resources that helps you pay for your prescription drugs. If you qualify, you could pay between \$1-\$6 for each drug. Apply with Social Security by visiting [www.socialsecurity.gov](http://www.socialsecurity.gov) or by calling 1-800-772-1213. TTY users should call 1-800-325-0778.

**Explore National and Community-Based Charitable Programs:** National and local charitable groups (like the National Patient Advocate Foundation or the National Organization for Rare Disorders) may have programs that can help with your drug costs. Learn about programs in your area on the [Benefits Checkup](#) website.

#### Some Part D Plans Offer Additional Gap Coverage

There are plans that offer additional coverage during the gap, like for generic drugs. However, plans with additional gap coverage may charge a higher monthly premium.

Check with the drug plan first to see if your drugs would be covered during the gap. Talk to your doctor or other [health care provider](#) to make sure you're taking the lowest cost drug available that works for you. **You may also be able to save money during the gap in other ways.**

#### More Savings in the Gap Coming Through 2020

In addition to the 50% discount on covered brand-name prescription drugs, the percentage you save in the coverage gap will **increase each year through 2020.**

#### After the Gap: Catastrophic Coverage

Once you get out of the coverage gap, you automatically get "catastrophic coverage." It assures you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year.

#### What Is the Part D Late Enrollment Penalty?

The late enrollment penalty is an amount added to your Part D premium. You may owe a late enrollment penalty if, at any time after your initial

enrollment period is over, there is a period of 63 or more days in a row when you don't have Part D or other creditable prescription drug coverage.

**Note:** If you get Extra Help, you don't pay a late enrollment penalty.

### 3 Ways to Avoid the Late Enrollment Penalty

**Join a Medicare drug plan when you're first eligible.** You won't have to pay a penalty, even if you've never had prescription drug coverage before.

**Don't go 63 days or more in a row without a Medicare drug plan or other creditable coverage.** Creditable prescription drug coverage could include drug coverage from a current or former employer or union, TRICARE, Indian Health Service, the Department of Veterans Affairs, or health insurance coverage. Your plan must tell you each year if your drug coverage is creditable coverage. You may get this information in a letter or in a newsletter from the plan. Keep this information, because you may need it if you join a Medicare drug plan later.

**Tell your plan about any drug coverage you had if they ask about it.** When you join a Medicare drug plan, the plan will send you a letter if it believes you went at least 63 days in a row without other creditable prescription drug coverage. The letter will include a form asking about any drug coverage you had. Complete the form and return it to your drug plan by the deadline in the letter. If you don't tell the plan about your creditable drug coverage, you may have to pay a penalty.

### How much is the Part D Penalty?

The cost of the late enrollment penalty depends on how long you went without creditable prescription drug coverage.

The late enrollment penalty is calculated by multiplying 1% of the "national base beneficiary premium" (\$32.34 in 2011) times the number of full, uncovered months you were eligible but didn't join a Medicare drug plan and went without other creditable prescription drug coverage. The final amount is rounded to the nearest \$.10 and added to your monthly premium.

The national base beneficiary premium may increase each year, so the penalty amount may also increase every year.

### Your Plan Will Tell You If You Owe a Penalty

After you join a Medicare drug plan, the plan will tell you if you owe a penalty, and what your premium will be. You may have to pay this penalty for as long as you have a Medicare drug plan. If you had to pay a Part D late enrollment penalty before you turned 65, the penalty will be waived once you reach 65.

**Example:** Mrs. Jones didn't join when she was first eligible-by May 15, 2007. She joined a Medicare drug plan between October 15-December 7, 2010, for an effective date of January 1, 2011. Since Mrs. Jones didn't join when she was first eligible and went without other creditable drug coverage for 43 months (June 2007-December 2010), she is charged a monthly penalty of \$13.90 in 2011 ( $\$32.34 \text{ national base rate premium} \times .01 \text{ penalty rate} \times 43 \text{ months} = \$13.90$ ). She pays this late enrollment penalty monthly in addition to her plan's monthly premium.

### If You Don't Agree With Your Penalty

If you don't agree with your late enrollment penalty, you can ask Medicare for a review or reconsideration. You'll need to fill out a reconsideration request form (that your Medicare drug plan will send you), and you'll have the chance to provide proof that supports your case, such as information about previous creditable prescription drug coverage.

If you need help, call your Medicare plan. You can also contact your **State Health Insurance Assistance Program (SHIP)**.

### What Part D Plans Cover

Each plan has its own list of covered drugs (called a formulary). Many Medicare drug plans place drugs into different "tiers" on their formularies. Drugs in each tier have a different cost.

For example, a drug in a lower tier will generally cost you less than a drug in a higher tier. In some cases, if your drug is on a higher tier and your prescriber (your doctor or other health care provider who is legally allowed to write prescriptions) thinks you need that drug instead of a similar drug on a lower tier, you or your prescriber can ask your plan for an exception to get a lower copayment.

### Drug Plan Coverage Rules

Medicare drug plans may have the following coverage rules:

**Prior authorization**-You and/or your prescriber must contact the drug plan before you can fill certain prescriptions. Your prescriber may need to show that the drug is medically necessary for the plan to cover it.

**Quantity limits**-Limits on how much medication you can get at a time.

**Step therapy**-You must try one or more similar, lower cost drugs before the plan will cover the prescribed drug.

If you or your prescriber believe that one of these coverage rules should be waived, you can ask for an exception.

### Part D Vaccine Coverage

Except for **vaccines covered under Part B**, Medicare drug plans must cover all commercially-available vaccines (like the shingles vaccine) when medically necessary to prevent illness.

**Contact the plan** for its current formulary.

### Drugs You Get in Hospital Outpatient Settings

In most cases, the prescription drugs you get in an outpatient setting, like an emergency department or during observation services, aren't covered by Part B (these are sometimes called "self-administered drugs" that you would normally take on your own).

**Your Medicare drug plan may cover these drugs under certain circumstances.**

You'll likely need to pay out-of-pocket for these drugs and submit a claim to your drug plan for a refund. Or, if you get a bill for self-administered drugs you got in a doctor's office, call your Medicare drug plan for more information.

### Fill a Prescription Before You Get Your Plan Card

You should get a welcome package with your membership card within 5 weeks or sooner after the plan gets your completed application. If you need to go to the pharmacy before your membership card arrives, you can use any of the following as proof of membership:

A letter from the plan that includes your membership information. You should receive this letter within 2 weeks after the plan gets your completed application.

An enrollment confirmation number you got from the plan, the plan name, and phone number.

A temporary card you may be able to print from **Medicare.gov**

If you don't have any of the items listed above, your pharmacist may be able to get your drug plan information if you provide your Medicare number or the last 4 digits of your Social Security number. If your pharmacist can't get your drug plan information, you may have to pay out-of-pocket for your prescriptions. **If you do, save your receipts and contact your plan to get your money back.**

## How Other Insurance & Programs Work With Part D

### Employer or Union Health Coverage

#### COBRA

#### Medicare Supplement Insurance (Medigap) Policy

#### Medicaid

#### Supplemental Security Income Benefits

#### State Pharmacy Assistance Programs

#### Long -Term Care Facility

#### HUD Housing Assistance

#### Food Stamps

#### Federal Employee Health Benefits (FEHB) Program

#### Veterans' Benefits

#### TRICARE (Military Health Benefits)

#### Indian Health Services

**Employer or Union Health Coverage-** Health coverage from your, your spouse's, or other family member's current or former employer or union. If you have prescription drug coverage based on your current or previous employment, your employer or union will notify you each year to let you know if your prescription drug coverage is creditable. **Keep the information you get.**

Call your benefits administrator for more information before making any changes to your coverage. **Note:** If you join a Medicare drug plan, you, your spouse, or your dependants may lose your employer or union health coverage.

**COBRA-**There may be reasons why you should take Part B instead of, or in addition to, COBRA. However, if you take COBRA and it includes creditable prescription drug coverage, you'll have a special enrollment period to join a Medicare drug plan without paying a penalty when the COBRA coverage ends.

Talk with your **State Health Insurance Assistance Program (SHIP)** to see if COBRA is a good choice for you.

**Medicare Supplement Insurance (Medigap) Policy with Prescription Drug Coverage-**It may be to your advantage to join a Medicare drug plan because most Medigap drug coverage isn't creditable, and you'll pay more if you go 63 days or more in a row without creditable prescription drug coverage.

Medigap policies can no longer be sold with prescription drug coverage, but if you have drug coverage under a current Medigap policy, you can keep it. If you join a Medicare drug plan, your Medigap insurance company must remove the prescription drug coverage under your Medigap policy and adjust your premiums. Call your Medigap insurance company for more information.

**Medicaid-** Your drug costs are covered by Medicare. You'll need to join a Medicare drug plan for Medicare to pay for your drugs. In most cases, you'll pay a small amount for your covered drugs. If you have full coverage from Medicaid and live in a nursing home, you pay nothing for covered prescription drugs. If you have full coverage from Medicaid and live in an Assisted Living or Adult Living Facility, or a Residential Home, you'll pay a small copayment for each drug.

If you don't join a plan, Medicare will enroll you in one to make sure you don't miss a day of coverage. If you decide you want another plan, you can switch to another plan at any time.

**Supplemental Security Income Benefits**, or help you get from your state Medicaid program paying your Medicare premiums - You need to join a Medicare drug plan for Medicare to pay for your drugs. You automatically qualify for Extra Help for your prescription drug costs. If you don't join a plan, Medicare will enroll you in one to make sure you don't miss a day of coverage.

**State Pharmacy Assistance Program** - Each state decides how its State Pharmacy Assistance Program works with Medicare prescription drug coverage. Some states give extra coverage when you join a Medicare Prescription Drug Plan. Some states have a separate state program that helps with prescriptions. Contact your **State Pharmacy Assistance Program** to get more information.

**Long-Term Care Facility** - Long Term Care pharmacies contract with Medicare drug plans to give prescription drug coverage to their residents. If you're entering, living in, or leaving a nursing home, you'll have the opportunity to choose or switch your Medicare drug plan. This allows you to get a plan that contracts with the nursing home's pharmacy.

**HUD Housing Assistance** -If you get housing assistance from the Department of Housing and Urban Development (HUD), you may want to join a Medicare drug plan. If you qualify for Extra Help, you won't lose your housing assistance, but HUD may reduce your housing assistance as your prescription drug spending decreases. However, the value of the **Extra Help** paying your drug costs will make up for any decrease in your housing assistance.

**Food Stamps** -If you get food stamps, you may want to join a Medicare drug plan. If you qualify for **Extra Help**, your food stamp benefits may decline, but the value of Medicare's Extra Help will make up for that decrease.

Compare your costs for your current drug coverage to what your costs would be with Medicare prescription drug coverage and the Extra Help. If you're near the food stamps eligibility cutoff, you may lose your minimum food stamp benefits because you'll be paying less for your prescription drugs. But remember that the value of the Extra Help paying your drug costs will make up for any decrease in food stamp benefits.

**Federal Employee Health Benefits (FEHB) Program**-FEHB plans usually include prescription drug coverage, so you don't need to join a Medicare drug plan. However, if you decide to join a Medicare drug plan, you can keep your FEHB plan, and your plan will let you know who pays first.

For more information, contact the **Office of Personnel Management**. You can also call your plan if you have questions.

**Veterans' Benefits**- You may be able to get prescription drug coverage through the U.S. Department of Veterans Affairs (VA) program. You may join a Medicare drug plan, but you can't use both types of coverage for the same prescription at the same time. For more information, **contact the VA**.

**TRICARE (Military Health Benefits)**- **Most people with TRICARE who are entitled to Part A must have Part B to keep TRICARE prescription drug benefits.** If you have TRICARE, you don't need to join a Medicare Prescription Drug Plan. However, if you do, your Medicare drug plan pays first, and TRICARE pays second.

If you join a Medicare Advantage Plan with prescription drug coverage, your Medicare Advantage Plan and TRICARE may coordinate their benefits if your Medicare Advantage Plan network pharmacy is also a TRICARE network



pharmacy. For more information, **contact the TRICARE Pharmacy Program.**

**Indian Health Services-** Many Indian health facilities participate in the Medicare prescription drug program. If you get prescription drugs through an Indian health facility, you pay nothing, and your coverage won't be interrupted. Joining a Medicare drug plan may help your Indian health facility because the drug plan pays the Indian health facility for the cost of your prescriptions. Your local Indian health benefits coordinator can help you choose a plan that meets your needs and tell you how Medicare works with the Indian health care system.

**Note:** Keep any creditable prescription drug coverage information you get from your plan. You may need it if you decide to join a Medicare drug plan later. **Don't** send creditable coverage letters/certificates to Medicare.

### **Medication Therapy Management Programs for Complex Health Needs**

If you're in a Medicare drug plan and you have complex health needs, you may be eligible to participate in a Medication Therapy Management (MTM) program. These programs help you and your doctor make sure your medications are working.

MTM programs include a free discussion and review of all of your medications by a pharmacist or other health professional to help you use them safely. You'll get a summary of this discussion to help you get the most benefit from your medications. You may want to bring this summary when you talk with your doctors or other health care providers.

### **Participate in an MTM Program**

If you take many medications for more than one chronic health condition, contact your drug plan to see if you're eligible.

### **Related Links:**

- [\*\*Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare\*\*](#)
- [\*\*Compare health and drug plans in your area\*\*](#)
- [\*\*Change the address on your MSN\*\*](#)
- [\*\*Your Guide to Medicare Medical Savings Account Plans\*\*](#)
- [\*\*Understanding Medicare Enrollment Periods\*\*](#)
- [\*\*Medicare Premiums: Rules for Higher Income Beneficiaries\*\*](#)
- [\*\*Bridging the Coverage Gap\*\*](#)
- [\*\*Closing the Coverage Gap-Medicare Prescription Drugs Are Becoming More Affordable\*\*](#)
- [\*\*How Medicare Covers Self-Administered Drugs Given in Hospital Outpatient Settings\*\*](#)
- [\*\*4 Ways to Help Lower Your Medicare Prescription Drug Costs\*\*](#)
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