

UNDERSTANDING 2023 MEDICARE PRESCRIPTION DRUG COVERAGE

Prescription Drug Plans are divided into 4 distinct categories, listed below:

1) **DEDUCTIBLE:** Many prescription drug plans have a deductible, but not all. Deductibles will vary, but they cannot exceed \$480 for 2023. The deductible is applied upfront and begins in January each calendar year. After the deductible is met, the actual prescription drug coverage begins.

Prescription drugs are assigned to tiers, according to the cost of the drug. The higher the drug cost, the higher the tier to which it is assigned, and therefore, the higher the copay.

2) **REGULAR COVERAGE:** During this phase, you pay the deductible (if any) and the copays stipulated by your Prescription Drug Plan. You will continue in this coverage category until the total retail cost for all of your prescriptions (not the drug copays) for the year equals \$4,660.

3) **DONUT HOLE:** The Donut Hole begins when the total annual cost of your prescription drugs reaches \$4,660. While you are in the donut hole, you must pay more of the cost of your drugs. In this phase, you are not charged a copay, but you are charged 25% of the retail price. You will remain in the "Donut Hole" until the total retail cost of your drugs reaches \$7,400.

4) **CATASTROPIC COVERAGE:** This phase is designed to offer some relief to those who have carried a heavy prescription drug cost burden over the course of the year. It begins when the total retail cost of your drugs reaches \$7,400. **(Remember: you did not actually pay the retail price; you paid a deductible, then copays, and finally 25% of the cost of the drugs to get to this point.)** In this tier, you will pay a mere fraction of the actual costs of your drugs, for the remainder of the calendar year.

INFLATION REDUCTION ACT was just passed into law that provides helpful changes to current prescription drug coverage:

- Beginning 04/01/23, you may see lower out-of-pocket costs for certain Part B drugs and biologics.
- Beginning 07/01/23, enrollees will not pay more than \$35 for Part B insulin and insulin pumps under the Durable Medical Equipment (DME) benefit.

If you have additional questions, please call the RIPEA office (317-789-0244) or Jim Benge CHC, RIPEA Insurance Consultant (317-460-8474).