



Medicare Part D

In 2026, more than 70 million people were enrolled in Medicare, a federal health insurance program serving individuals over 65 and those of all ages living with disabilities. Medicare Part D, a stand-alone prescription drug program, is one of several coverage supplements available to Medicare beneficiaries.

Q: What is Medicare Part D?

Medicare Part D is an optional prescription drug supplement that offers beneficiaries a choice of government-approved coverage plans administered by private insurance companies. Unlike Medicare Advantage, which adds prescription drug coverage to a hospitalization and medical insurance plan that replaces original Medicare, Medicare Part D is a “stand alone” plan covering only prescriptions.

Q: What kind of costs can I expect to pay for Medicare Part D itself?

All Medicare Part D plans include the following costs: coinsurance (a percentage of the drug’s cost) or copayment (a set dollar amount) during the initial coverage period; a monthly premium; and an annual deductible. The Centers for Medicare and Medicaid Services has estimated that the average premium for beneficiaries in 2026 will be \$34 per month, with a maximum annual deductible of \$615. Your deductible will depend on which plan you choose. (For those who qualify for “Extra Help,” there is no deductible.)

Beneficiaries whose income is above \$109,000 (or \$218,000, if filing jointly with a spouse) will pay an extra amount along with the plan premium. For example, an individual who earned between \$110,000 and \$137,000 in 2024, paid an additional \$14.50 per month in 2026.

While the plan deductible and premium cannot be changed during the policy year, all Part D costs can change year to year. Each fall, beneficiaries will receive an “Annual Notice of Change” detailing plan costs for the upcoming year.

Q: What kind of costs can I expect to pay for the drugs covered by Medicare Part D?

A plan's list of covered drugs is called the formulary. Each plan will have a different formulary, but all plans are required to cover a comprehensive selection of drugs commonly used by beneficiaries, including those that treat cancer. The structure of the plan itself will also shape costs. Many plans sort their formularies into tiers, with price variation from tier to tier. A drug listed in a higher tier will likely cost more than one found in a lower tier. The pharmacy that fills the prescription can also impact cost. Using the plan's preferred pharmacies, versus those out of network, may lower costs.

Q: What are the four coverage phases of Medicare Part D and how will they affect my costs?

All Part D plans have four potential periods of coverage each year. The prices beneficiaries pay for prescription drugs can vary throughout the year depending on what phase of coverage their plan is in.

- **Annual Deductible:** Beneficiaries whose plans have a deductible will begin by paying for prescriptions until the specified deductible limit is reached.
- **Initial Coverage:** During this time, the plan will cover a portion of the cost of all covered prescriptions while individuals pay a copayment or coinsurance fee. The length of this phase will depend on individual drug costs and the structure of the specific plan. For most plans in 2022, when the combined amount that individuals and the plan have paid for covered drugs reaches \$4430, the initial coverage phase ends.
- **Coverage Gap:** The coverage gap, also called the "donut hole," begins when a drug plan reaches its spending limit. At this point, individuals are responsible for paying for 25% of the costs of both brand-name and generic prescriptions until they reach a certain amount of out-of-pocket expenses (\$7050 in 2022.) Costs that can be applied toward getting out of the coverage gap include the deductible, the amount paid in coinsurance or copayment during the initial coverage period, 95% of the cost of covered brand-name drugs bought during the coverage gap, and the total spent on both covered brand-name and generic drugs during the coverage gap. In addition, payments made by family or State Pharmaceutical Assistance Programs (SPAPs), AIDS Drug Assistance Programs, and the Indian Health Service on behalf of beneficiaries also count toward total out-of-pocket expenses.
- **Catastrophic Phase:** During this phase, which follows the coverage gap, beneficiaries pay either 5% coinsurance or a \$3.95 copayment for generic medications, and \$9.85 for brand-name drugs. This period lasts until the end of the plan year.

Q: Are drugs covered under Medicare Advantage plans? If so, what are the differences of coverage in Medicare Advantage Plans vs original

Medicare with Part D?

Original Medicare includes hospitalization (Part A) and medical (Part B,) and the option to add prescription drug coverage (Part D.) Medicare Advantage (Part C) generally comprises all these services in bundled plans which sometimes also include dental, vision and hearing coverage not found in original Medicare. There is typically a difference in cost between the two options; some Medicare Advantage plans may have lower out-of-pocket costs than original Medicare. The ability to choose providers also varies between plans. Original Medicare beneficiaries can visit any doctor or hospital that accepts Medicare, while Medicare Advantage beneficiaries generally must stay within the plan's network.

Q: What new Part D test program is offered for insulin users?

People living with spinal cord injury may eventually need insulin therapy to treat diabetes. The Centers for Medicare & Medicaid Services has introduced the Part D Senior Savings Model as a means of testing the possibility of offering insulin at a more affordable and predictable monthly cost. Plans that participate in this model will offer a maximum copay of \$35 each for a month's supply of insulin in the deductible, initial coverage, and coverage gap phases. Beneficiaries can compare plans and identify Senior Savings Model Plan participants through the Medicare Plan Finder at [Medicare.gov](https://www.medicare.gov) or by calling 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

Q: How does Medicare Part D work with other insurance?

In some cases, people might have Medicare Part D along with insurance from a retirement group health plan or through coverage from a family member's current employer. If so, it will be necessary to determine who serves as the primary payer. Depending on coordination of benefits rules, Medicare will serve either as the primary or secondary payer. For example, if a retired individual under the age of 65 living with a disability has Medicare Part D and coverage from a family member who is currently working for a company with more than 100 employees, Medicare will be the secondary payer; in the same scenario, if the company has fewer than 100 employees, Medicare will be the primary payer.

For people with both Medicaid and Medicare, prescription costs are usually covered by Medicare. For those with full coverage from Medicaid who live in skilled nursing facilities, there is no cost for covered prescription drugs; for those with full coverage who live in an assisted living or adult living facility, a small copayment will be required for each covered drug.

Q: Do you need to buy Medicare Part D at all if you have employer health insurance coverage?

No. Medicare Part D is a voluntary prescription drug coverage plan. However,

individuals who need to sign up for Medicare Part D outside of the annual enrollment period are required to pay a late penalty equal to 1% of the national average premium amount for every month they lacked coverage at the level of the standard Part D benefit.

Q: What is the annual enrollment period for Medicare Part D?

Each year, individuals may sign up for or change current Medicare plans including Part D in an open enrollment period between October 15 and December 7. Coverage will then start January 1 of the following year. People turning 65 can sign up for Medicare in what is called an initial enrollment period that begins 3 months before their birthday and extends three months after the birth month. Individuals with disabilities may enroll after they've received Social Security Disability Insurance (SSDI) for 24 months; There is no waiting period for individuals with amyotrophic lateral sclerosis, who are eligible for automatic enrollment in Medicare the month of their first SSDI payment.

A Part D plan may be changed outside of the annual enrollment period without penalty if life events, such as a move out of a coverage area or into or out of a rehabilitation or skilled nursing facility, require the change.

Q: What if I can't afford a Part D plan, or need help with costs at some point in my coverage?

A low-income subsidy for Part D beneficiaries called *Extra Help* is available through the Social Security Administration. To qualify in 2022, annual income must be limited to \$19,320 for an individual or \$26,130 for a married couple living together. With *Extra Help*, costs for each covered generic drug will be no more than \$3.95, and for each covered brand-name drug, no more than \$9.85. Individuals who qualify for partial *Extra Help*, will pay no more than 15% of the plan's covered prescription costs until they reach the out-of-pocket-limit.

Some states offer pharmaceutical assistance programs (SPAPs) designed to help beneficiaries manage Part D costs such as premiums, deductibles, and copayments. Though income requirements and program specifics vary by state, many provide assistance during the coverage gap phase. A list of current programs can be found on the Centers for Medicare & Medicaid Services at <https://www.medicare.gov/plan-compare/#/pharmaceutical-assistance-program/states/?lang=en&year=2022>.

Pharmaceutical companies also sometimes offer programs to assist beneficiaries enrolled in Part D; a list of current programs can be found on the Centers for Medicare & Medicaid Services at <https://www.medicare.gov/plan-compare/#/pharmaceutical-assistance-program/states/?lang=en&year=2022>.

Help applying to *Extra Help* and SPAP programs, or for additional assistance navigating the costs of Medicare, can be found at the National Council on Aging

Benefits Enrollment Centers. A list of current sites can be found at <https://www.ncoa.org/article/meet-our-benefits-enrollment-centers>.

Q: Who can I talk to for more advice on assessing and choosing a plan?

Sorting through Medicare Part D plans can feel overwhelming, but careful selection is critical for meeting health needs.

Medicare offers a short questionnaire at <https://www.medicare.gov/drug-coverage-part-d/how-to-get-prescription-drug-coverage/6-tips-for-choosing-medicare-drug-coverage> to help individuals identify priorities as they narrow their search. Beneficiaries can also call 1-800-MEDICARE or visit Medicare.gov and choose the Chat option from the top bar.

State Health Insurance Assistance Programs, funded by the Administration for Community Living, offer one-on-one assistance with reviewing health or prescription drug plan options. Call 1-877-839-2675 or visit shiphelp.org to contact your local office.

Advocacy groups working to increase access to affordable health care for older adults and people with disabilities can also be excellent resources for better understanding Medicare Part D. The Medicare Rights Center offers a comprehensive interactive site (<https://www.medicareinteractive.org/contact-us>) explaining all Medicare coverage options. Counselors are also available to answer questions Monday through Friday via a toll-free helpline (1-800-333-4114). The Center for Medicare Advocacy offers webinars (<https://medicareadvocacy.org/webinars/>) and detailed overviews on a range of topics, including Medicare Part D.

Sources: Centers for Medicare & Medicaid Services, Kaiser Family Foundation, National Council on Aging, Social Security Administration, Medicare Rights Center, The Center for Medicare Advocacy.

Need to talk to someone?

Our Information Specialists are available to answer your questions.

Call toll-free 1-800-539-7309 Mon-Fri, 7 am-8 pm EST.

Schedule a call or ask a question online at <https://www.ChristopherReeve.org/Ask>

Resources on Medicare Part D:

Aging and Disability Resource Centers/ No Wrong Door

<https://www.n4a.org/adrcs>

<https://www.acl.gov/node/413>

<https://eldercare.acl.gov/home>

Call the Eldercare Locator hotline toll-free at 1-800-677-1116 to find the ADRC in your area.

The Aging and Disability Resource Center Program (ADRC) is a collaborative effort of the

U.S. Administration for Community Living (including AoA as of April 2012) and the Centers for Medicare & Medicaid Services (CMS). ADRCs serve as single points of entry into the long-term supports and services system for older adults and people with disabilities. Sometimes referred to as a “one-stop shops” or “no wrong door” systems, ADRCs address many of the frustrations consumers and their families experience when trying to find needed information, services, and supports. Through integration or coordination of existing aging and disability service systems, ADRC programs raise visibility about the full range of options that are available, provide objective information, advice, counseling and assistance, empower people to make informed decisions about their long term supports, and help people more easily access public and private long term supports and services programs. Click on your state to find state and local ADRCs.

2 The core functions of an ADRC are 1) information, referral and awareness, 2) options counseling, advice and assistance, 3) streamlined eligibility determination for public programs, 4) person-centered transitions, 5) quality assurance and continuous improvement. ADRCs perform these functions by integrating, coordinating, and strengthening different pieces of the existing long term supports and services systems, including Area Agencies on Aging, Centers for Independent Living, state and local Medicaid offices, and other community-based organizations.

Center for Medicare Advocacy

<https://medicareadvocacy.org/>

The Center for Medicare Advocacy (the Center) is a national, non-profit, law organization that works to advance access to comprehensive Medicare coverage, health equity, and quality health care for older people and people with disabilities.

Centers for Medicare & Medicaid Services (CMS)

<http://www.cms.hhs.gov>

The Centers for Medicare & Medicaid Services provide health insurance for over 74 million Americans through Medicare, Medicaid and CHIP (the Children’s Health Insurance Program).

CMS: 2022 cost sharing limits for low-income subsidy

<https://www.cms.gov/files/document/lis-memo.pdf>

CMS: Prescription Drug Coverage – General Information

<https://www.cms.gov/medicare/prescription-drug-coverage/prescriptiondrugcovgenin?redirect=/prescriptiondrugcovgenin/>

Kaiser Family Foundation: Part D Overview

<https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>

Medicare

<http://www.medicare.gov/>

The official U.S. government site for Medicare.

Medicare Plan Finder

<https://www.medicare.gov/find-a-plan/>

Medicare & You 2022

<https://www.medicare.gov/media/10991>

The official U.S. government Medicare handbook published by the Centers for Medicare & Medicaid Services annually. Information on viewing the book in Spanish, getting a print copy, or getting next year's edition electronically is available by going to <http://www.medicare.gov/Publications/> and clicking on *Medicare & You*.

Medicare.gov: Drug Coverage Part D

<https://www.medicare.gov/drug-coverage-part-d>

Medicare.gov: Part D Coverage Gap Explanation

<https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/costs-in-the-coverage-gap>

Medicare.gov: Searchable Database of State Pharmaceutical Assistance Programs

<https://www.medicare.gov/plan-compare/#/pharmaceutical-assistance-program/states/?lang=en&year=2022>

Medicare Interactive

<http://www.medicareinteractive.org>

Medicare Interactive (a site run by the Medicare Rights Center) allows people to search for information on Medicare benefits.

Medicare Rights Center

<http://www.medicarerights.org>

Helpline: 800-333-4114 The Medicare Rights Center (MRC) is a not-for-profit organization working to ensure that older adults and people with disabilities get affordable health care.

Medicare Rights Center: Part D Overview

<https://www.medicareinteractive.org/get-answers/medicare-prescription-drug-coverage-part-d/medicare-part-d-coverage/part-d-basics>

National Council on Aging's BenefitsCheckUp

<http://www.benefitscheckup.org/>

BenefitsCheckUp provides tools that screen seniors with limited income and resources for eligible benefits programs, including help with prescription drug costs.

SHIP National Technical Assistance Center

<https://www.shiptacenter.org/>

SHIP stands for State Health Insurance Assistance Program. SHIPs provide free, in depth, one-on-one insurance counseling and assistance to Medicare beneficiaries, their families, friends, and caregivers. They can assist in making choices between various Medicare

plans and options. here is a locator for the SHIP in your state.

Social Security Administration: *Extra Help* information

<https://www.ssa.gov/pubs/EN-05-10508.pdf>

Apply online for *Extra Help* at www.ssa.gov/extrahelp or call Social Security at 1-800-772-1213 (TTY 1-800-325-0778) to apply over the phone or to request an application by mail.

State Pharmaceutical Assistance Programs (SPAPs)

<https://www.medicareinteractive.org/get-answers/cost-saving-programs-for-people-with-medicare/state-pharmaceutical-assistance-programs-spaps/spap-basics>

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