

Part D Guideline Benefit Structure

Plan Premium	Each Prescription Drug Plan (PDP) has a monthly premium that is due even if the plan is not used. These premiums vary between \$12.60 and \$138.80 in 2014.	
\$0 - \$310 of Drug Cost	Deductible	During a deductible, you will pay 100% of the cost of all medications.
\$310 - \$2,850 of Drug Cost	Phase 1	During this phase of coverage the plan will provide some type of cost-sharing with you – either in the form of copays or coinsurance.*
\$2,850 of Drug Cost - \$4,550 of Out-of-Pocket Cost**	Coverage Gap or "Donut Hole"	After the cost of your prescriptions reaches \$2,850 you begin paying more of the cost. Prior to 2010 you paid 100% of the drug costs. In 2010 the PPAC Act was passed that began to "close" the coverage gap. In 2014 you will pay 47.5% of your brand name, and 72% of your generic medication costs.*** To see a chart detailing the coverage gap phase-out, click here .
Greater than \$4,550 Out-of-Pocket	Catastrophic Coverage	After you have reached \$4,550 in Out-of-Pocket cost you will begin paying the greater of: <ul style="list-style-type: none"> - a \$2.55 copay for generics and a \$6.35 copay for brand drugs, or - 5% coinsurance.

* Copays and coinsurance are two ways to help pay some of the cost of your medications. The difference between a copay and coinsurance is that a copay is a set amount (e.g. \$5/month), and coinsurance is a set percentage (e.g. 15% of the cost).

** Note that the coverage gap begins at \$2,850 of DRUG COST, but ends at \$4,550 of OUT-OF-POCKET COST. Keep in mind that at \$2,850 of DRUG COST, you may have only spent about \$945 in OUT-OF-POCKET COST. Therefore, this coverage gap is wider than it may appear at first glance.

*** During the coverage gap 97.5% of the cost of brand name drugs is credited to your out-of-pocket cost accrual, even though you only pay 47.5% of the cost. This is not the case with generics.