

Understanding the Medicare "Donut Hole"

If you have a Medicare Part D prescription drug plan, the amounts you pay for prescription drugs go through four stages each calendar year.

1 The Deductible Stage

For health plans that have a prescription drug deductible, members must pay that deductible amount before their health plan starts paying any of their drug costs.

Independence Medicare Advantage plans with prescription drug coverage **do not have a prescription drug deductible**, so this stage does not apply. You begin each coverage year in the **Initial Coverage Stage**.

2 The Initial Coverage Stage

In this stage, you pay either a **copay** or **coinsurance** each time you fill a prescription, but your health plan pays a **much larger** share of the costs of your covered prescriptions.

You remain in this stage until the total cost of your drugs (what you pay plus what your plan pays) reaches **\$5,030**. Then you enter the **Coverage Gap**, or "**Donut Hole**," Stage.



3 The Coverage Gap or "Donut Hole" Stage

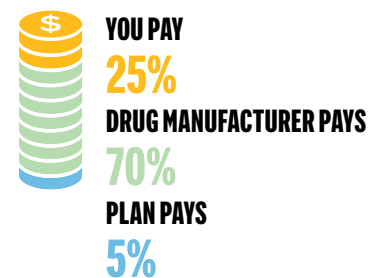
In this stage, you pay **25 percent** of your health plan's cost for covered prescriptions.

Only your share and the drug manufacturer's share of the cost contribute toward your out-of-pocket total. You remain in this stage until your out-of-pocket total during the calendar year reaches **\$8,000**; then you enter the **Catastrophic Coverage Stage**.

Generic drugs



Brand-name drugs



4 The Catastrophic Coverage Stage

In 2024, your plan pays the **entire cost** of your covered prescriptions during this stage.

You remain in this stage until the beginning of the next calendar year, and then the whole cycle starts over.

Generic OR brand-name drugs



Independence Blue Cross offers products through its subsidiaries Independence Assurance Company, Independence Hospital Indemnity Plan, Keystone Health Plan East, and QCC Insurance Company — independent licensees of the Blue Cross and Blue Shield Association.



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