

## Medicare Part D: Beneficiary Costs in 2019

Medicare Part D helps pay the costs of prescription drugs. However, there are some out-of-pocket expenses in Part D that your clients may have to pay. Here we review some of these costs.

### *Part D Cost Sharing*

Most people enrolled in a Part D plan (and not eligible for LIS/Extra Help assistance) have out-of-pocket expenses. Expenses may include:

- A monthly Part D plan premium (average premium in 2019 is \$32.50),
- An annual deductible (maximum \$415 in 2019),
- A cost-sharing portion of plan-covered drugs (either a copayment or coinsurance) during the Initial Coverage Period,
- A percent of the cost of drugs during the Coverage Gap (“[donut hole](#)”), and
- If they reach the Catastrophic Benefit Period in their Part D drug benefit (only 1-5% of beneficiaries do), minimal drug copayments or coinsurance costs.

To help your clients understand how the Part D benefit works and how much they may have to spend, check out the [2019 Part D Standard Plan Cost-Sharing Chart](#).

### *Additional Resource to Help Explain Cost-Sharing to Clients on LIS/Extra Help*

Your clients who are eligible for assistance with Part D have different cost-sharing amounts than other people enrolled in Part D. Here is a chart to help you when counseling your clients who are enrolled in the low-income subsidy (LIS)/Extra Help program:

- *Low-Income Subsidy (LIS)/Extra Help Eligibility and Cost-Sharing [chart](#)*

## Coverage Gap Discounts and Payments

Those who reach the Part D coverage gap in 2019 will continue to see discounts and payments on certain drugs covered by the plan:

- For all covered **generic** drugs, the plan will pay 63% during the coverage gap. Your clients pay the remaining 37% plus a small processing fee to the pharmacy of approximately \$1-\$3.
- There is a 70% discount from the drug manufacturer and a 5% payment by the plan on all covered **brand-name** drugs during the coverage gap. Your clients will pay the remaining 25%, plus a small processing fee to the pharmacy of approximately \$1-\$3.

**Note:** The amount your clients pay for covered brand-name drugs and the 70% discount from the drug manufacturer count toward their total true out-of-pocket (TrOOP) costs. However, the 63% payment on generic drugs and the 5% payment on brand-name drugs paid by the plan during the coverage gap will NOT count toward their TrOOP. [Learn more about the coverage gap discounts.](#)

Your clients do not need to do anything to get the discounts and payments. These will automatically be applied at the pharmacy. And, the discounts and payments are already calculated into the drug costs on the online [Medicare Plan Finder](#) tool.

## Medicare Part D IRMAA (Income-Related Monthly Adjustment Amount)

Your clients who pay a higher Medicare Part B premium because their modified [adjusted gross income](#) is above the threshold (i.e., more than \$85,000 for an individual and \$170,000 for a married couple) will *also* have to pay a slightly higher portion of their Medicare Part D plan premium. The adjustment amount is calculated and based on a percentage of the Part D national base beneficiary premium, not on a percentage of the plan premium.

Remember, Medicare currently pays a subsidy to every Part D plan to keep monthly premiums lower. People who get the low-income subsidy(LIS)/Extra Help get an even greater subsidy paid to their plans (i.e., full LIS plan members pay no premium because Medicare covers their full premium as long as they are in standard plans).

In 2019, IRMAA clients will pay (in addition to their Part D premium) the following based on their annual income:

- **\$0** (individuals with income of \$85,000 or less; married couples filing jointly with income of \$170,000 or less)
- **\$12.40** (those who file individual tax returns with income between \$85,001-\$107,000; married couples filing jointly with income between \$170,001-\$214,000)
- **\$31.90** (those who file individual tax returns with income \$107,001-\$133,500; married couples filing jointly with income between \$214,001-\$267,000)
- **\$51.40** (those who file individual tax returns with income between \$133,501-\$160,000; married couples filing jointly with income between \$267,001-\$320,000)
- **\$70.90** (those who file individual tax returns with income between \$160,001 and \$500,000; married couples filing jointly with income between \$320,001 and \$750,000)
- **\$77.40** (those who file individual tax returns with income above \$500,000; married couples filing jointly with income above \$750,000).

If your clients are married but file separately, the Part D income-related monthly adjustment amounts (IRMAA) in 2019, *in addition to their Part D premium*, are:

- **\$0** (income is less than \$85,000)
- **\$70.90** (income is between \$85,001 and \$415,000)

- **\$77.40** (income is greater than \$415,000)

*How will your higher-income clients find out about the additional Part D premium?*

The Social Security Administration (SSA) mails letters to those beneficiaries who currently pay a Part B IRMAA and according to the Centers for Medicare & Medicaid Services (CMS) are in a Part D plan. The letter (see [sample notice](#)) explains the additional Part D amount, and how exactly Social Security will collect it.

- If your Medicare clients receive Social Security benefits, the Part D adjusted premium amount will automatically be taken out of their check. (If their Social Security check does not cover the amount, they will receive a bill from SSA).

Let your clients know that they will have to continue to pay their Part D plan premium to their Part D plan. Your clients can contact SSA at 1-800-772-1213 if they have any questions about their Part D IRMAA.

### **References**

See the Centers for Medicare & Medicaid Services (CMS) July 31, 2018 [Memorandum](#) announcing the 2019 Part D information, including the Part D Income-Related Monthly Adjustment Amounts (IRMAA) (see page 4).

See the Centers for Medicare & Medicaid Services (CMS) April 2, 2018 [2019 Final Call Letter](#) issued to all plans, which explains the 2018-19 Part D standard cost-sharing amounts (see page 67).