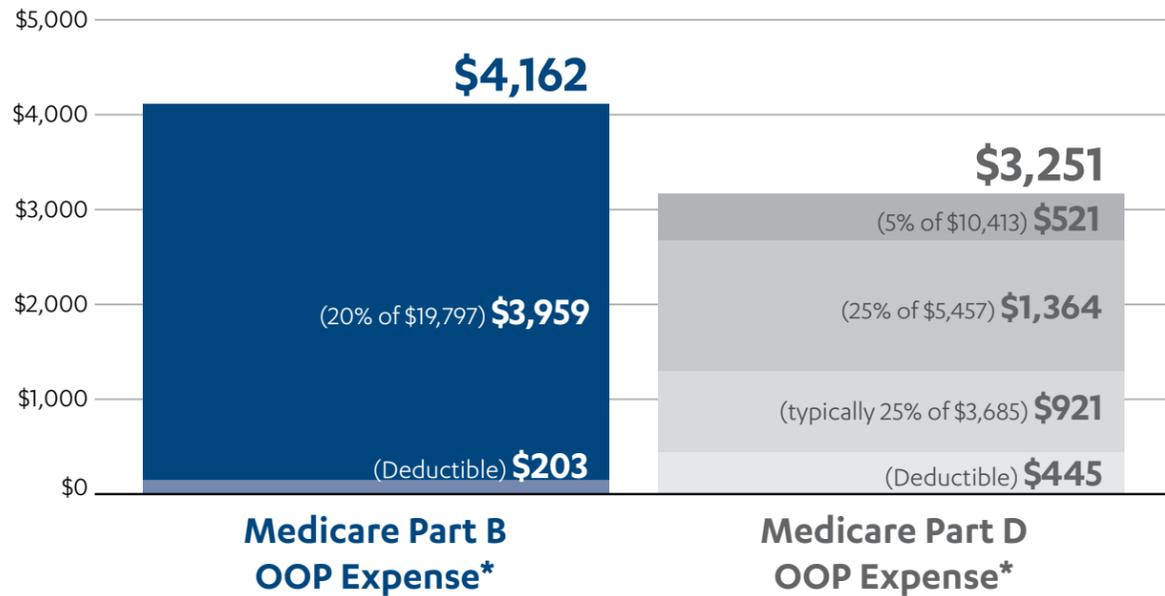


Comparison of patient out-of-pocket expenses in 2021: Medicare Part B and Medicare Part D

The following is an example of potential out-of-pocket (OOP) expenses based upon \$20,000 in annual medication cost. This example assumes the use of only brand-name drugs (25% beneficiary cost-sharing during the Coverage Gap) and excludes monthly premiums for Medicare Part B and Medicare Part D and the combined cost of premiums for patients enrolled in both Part B and Part D.



*Rounded to nearest whole dollar.

Resources

"Medicare & You 2021"

<https://www.medicare.gov/pubs/pdf/10050-Medicare-and-You.pdf>

Understanding the Extra Help With Your Medicare Prescription Drug Plan

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

Medicare Savings Programs

<https://www.medicare.gov/your-medicare-costs/get-help-paying-costs/medicare-savings-programs>

"Your Guide to Medicare Prescription Drug Coverage"

<https://www.medicare.gov/Pubs/pdf/11109-Your-Guide-to-Medicare-Prescrip-Drug-Cov.pdf>

Medicare

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

or call: 1-800-MEDICARE (633-4227)

References: 1. CMS-8076-N. Medicare Program; Medicare Part B Monthly Actuarial Rates, Premium Rates, and Annual Deductible Beginning January 1, 2021; Notice. 85 Fed. Reg. 71,904. (November 12, 2020). 2. Medicare.gov. Medicare Savings Programs. <https://www.medicare.gov/your-medicare-costs/get-help-paying-costs/medicare-savings-programs>. Accessed February 24, 2021. 3. The Henry J. Kaiser Family Foundation (KFF). Data Note (November 2018). Sources of Supplemental Coverage Among Medicare Beneficiaries in 2016. <http://files.kff.org/attachment/Data-Note-Sources-of-Supplemental-Coverage-Among-Medicare-Beneficiaries-in-2016>. Accessed February 24, 2021. 4. Medicare.gov. What's Medicare Supplement Insurance (Medigap)? <https://www.medicare.gov/supplements-other-insurance/whats-medicare-supplement-insurance-medigap>. Accessed February 24, 2021. 5. Medicare.gov. How to compare Medigap policies. <https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies>. Accessed February 24, 2021. 6. Centers for Medicare and Medicaid Services. Annual release of Part D national average bid amount and other Part C&D bid related information. (July 29, 2020). <https://www.cms.gov/files/document/july-29-2020-parts-c-d-announcement.pdf>. Accessed February 24, 2021. 7. Centers for Medicare and Medicaid Services. Announcement of calendar year (CY) 2021 Medicare Advantage capitation rates and Medicare Advantage and Part D payment policies and final call letter (April 6, 2020). <https://www.cms.gov/files/document/2021-announcement.pdf>. Accessed February 24, 2021. 8. Johnson & Johnson Health Care Systems Inc. Analysis for Branded Drugs Under Part D 2021; data on file. 9. Social Security Administration. Understanding the Extra Help with Your Medicare Prescription Drug Plan. (December 2020). <https://www.ssa.gov/pubs/EN-05-10508.pdf>. Accessed February 24, 2021. 10. Centers for Medicare & Medicaid Services. Medicare Prescription Drug Benefit Manual. Chapter 6 – Part D Drugs and Formulary Requirements, Rev. 18. <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Part-D-Benefits-Manual-Chapter-6.pdf>. Accessed February 24, 2021.

Medicare Coverage for Branded Drugs

2021

This brochure outlines Medicare coverage under Part B and Part D and illustrates the impact on patients who incur costs for covered brand-name drugs.

This information does not provide advice or guarantee coverage or payment. Legal requirements and plan information can be updated frequently. We strongly recommend contacting the plan for more information about current coverage, restrictions, or prerequisites that may apply.

Medicare Part B: Coverage

Medicare Part B covers physician-administered therapy



Medicare Part B in 2021

- The Part B standard monthly premium for all enrollees in 2021 is \$148.50.¹
- Higher income enrollees (>\$88,000 individual tax returns; >\$176,000 joint tax returns) are subject to an income-related monthly adjustment which can raise premiums up to \$504.90 per month.¹
- The Part B deductible for 2021 is \$203 for all Part B beneficiaries.¹
- The beneficiary is responsible for 20% of all medication costs incurred after the annual deductible has been met.
- Low-income beneficiaries may be eligible for Medicare Savings Programs that help cover components of beneficiary cost-sharing for Medicare Part B.²

Most Medicare beneficiaries have some type of supplemental insurance coverage³ that fills in much of Medicare's Part B cost-sharing requirements.

Common forms of supplemental insurance include employer-sponsored insurance plans, Medigap (Medicare Supplement Insurance) plans, and Medicaid.

Medigap coverage is available for some Medicare Part B out-of-pocket costs

- Medigap is a private health insurance that is designed to supplement Original Medicare (Parts A and B), but does not supplement Medicare Advantage (Part C) or Medicare Prescription Drug plans (Part D).⁴
- Medigap policies help pay a beneficiary's share (co-insurance, co-payments, or deductibles) of the costs for Medicare-covered services, and some policies may cover services that Original Medicare doesn't cover.⁴
- "Standardized" Medigap policies (identified by letters A through N) are available in most states. Benefits and coverage percentages vary by plan type.⁵
- Eight of the 10 standardized Medigap plans cover all of the Medicare Part B co-insurance (20%) and the remaining plans cover a portion.⁵
- Medigap plans sold to people newly eligible for Medicare are no longer permitted to cover the Part B deductible. As a result, Medigap Plans C and F are not available to new beneficiaries. Those enrolled in Plans C or F prior to January 1, 2020, may keep their plan.⁵
- Beneficiaries should compare premiums and coverage options to determine the most appropriate Medigap policy.

How Medicare Part D Covers Branded Prescription Drugs

The 2021 "standard" Medicare Part D drug benefit for brand-name drugs

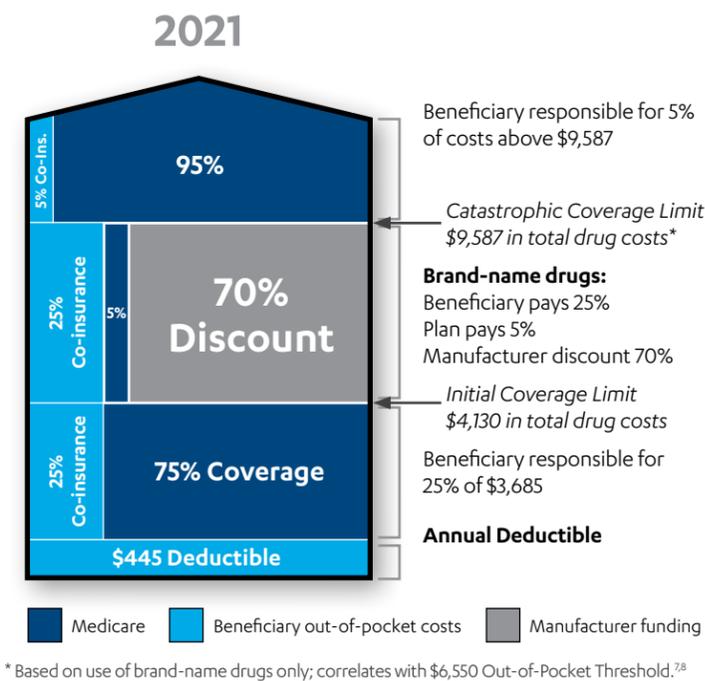
Premium: CMS estimates the 2021 base beneficiary Part D premium at \$33.06 per month.⁶ Actual premiums can vary significantly between Part D plans.⁶ In addition to the premium, higher income Part D enrollees will pay an income-related monthly adjustment amount (Part D-IRMAA).⁶

Deductible: The annual deductible for 2021 is \$445.⁷ The beneficiary is responsible for 100% of this amount.

Initial Coverage Period: This period begins when the deductible has been satisfied and lasts until the Initial Coverage Limit is reached. For 2021, the Initial Coverage Limit is \$4,130 in total drug costs.⁷ The beneficiary is typically responsible for 25% of that amount, less the deductible (25% of \$3,685). The beneficiary then enters the Coverage Gap.

Coverage Gap: The costs for brand-name drugs within the Coverage Gap are shared between the beneficiary, the manufacturer, and the plan, with the beneficiary responsible for 25%. This level of beneficiary cost-sharing essentially "closes" the gap between the Initial Coverage Period and the higher cost-sharing that previously defined the Coverage Gap. This period ends when the total drug costs reach \$9,587, the 2021 Catastrophic Coverage Limit.⁸

Catastrophic Coverage Period: Once the 2021 Catastrophic Coverage Limit is reached, the beneficiary is responsible for minimal cost-sharing for the remainder of the year.⁷



Other important points about Medicare Part D

- The costs illustrated in this brochure represent the standard Medicare Part D prescription drug benefit. Beneficiaries may choose to enroll in prescription drug plans with different benefit structures that vary in terms of premiums, deductibles, covered drugs, and patient cost-sharing.
- Medigap (Medicare Supplement insurance) may not be used to cover the out-of-pocket costs (deductibles, co-pay, co-insurance) associated with Medicare Part D prescription plans.
- Some people with limited resources and income may be able to get help paying for Medicare Part D prescription drug plan costs (premiums, deductibles, co-payments) through the Medicare Low-Income Subsidy program, also called "Extra Help." In 2020 the Extra Help program was estimated to be worth about \$5,000 per year.⁹

Under certain circumstances, physician-administered therapies may be covered under Medicare Part D

- Some physician-administered drugs have been added to the formularies of Medicare Part D prescription drug plans.
- To be eligible for coverage under Part D, the drug:
 - Must be included in a Part D plan's formulary, or treated as being included as the result of a coverage determination or appeal.
 - Must be obtained through a network pharmacy (retail, mail order, specialty) or an out-of-network pharmacy in accordance with the plan's policies.

Part D coverage and cost-sharing policies for therapies vary by plan and may include:

- Being placed on a higher or lower co-pay tier than other alternative therapies
- Being assigned to a specialty tier that may include higher beneficiary cost-sharing
- Limiting the use of specialty drugs to specific indications
- Requiring prior authorization processes¹⁰