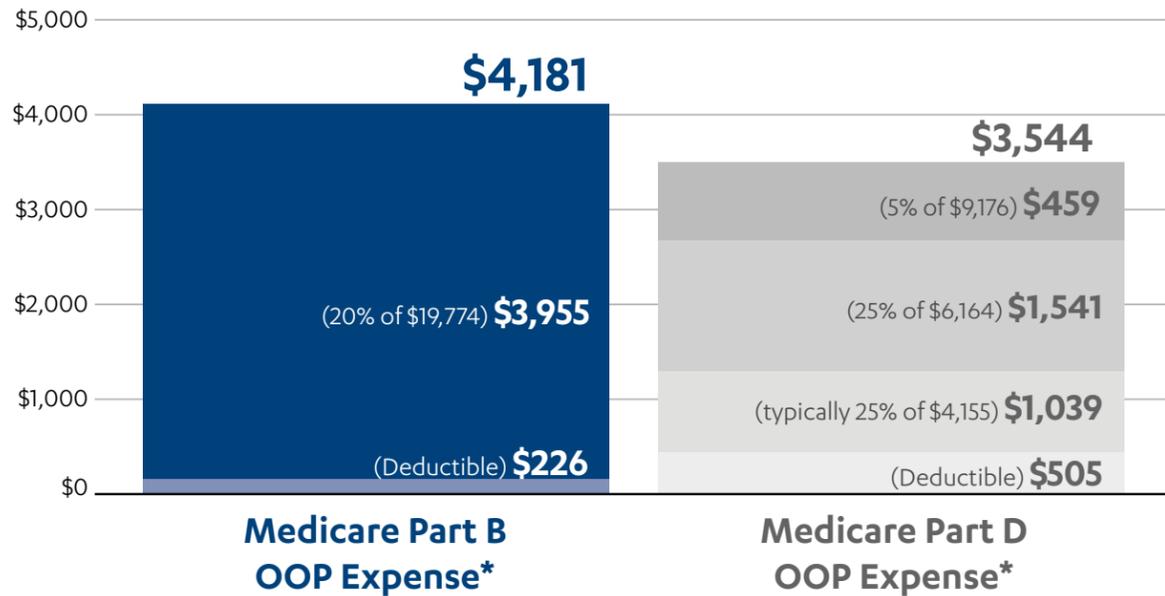


# Comparison of patient out-of-pocket expenses in 2023: Medicare Part B and Medicare Part D

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 2023"

<https://www.medicare.gov/publications/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/publications/11109-Medicare-Drug-Coverage-Guide.pdf>

Medicare

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

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

**References:** 1. Centers for Medicare and Medicaid Services (CMS). Medicare Part B Monthly Actuarial Rates, Premium Rates, and Annual Deductible Beginning January 1, 2023. *Fed Regist.* 87 FR 59080 (CMS-8082-N) (2022). 2. Medicare Savings Programs. Accessed December 28, 2022. <https://www.medicare.gov/basics/costs/help/medicare-savings-programs> 3. The Henry J. Kaiser Family Foundation (KFF). A Snapshot of Sources of Coverage Among Medicare Beneficiaries in 2018. Accessed December 28, 2022. <https://www.kff.org/medicare/issue-brief/a-snapshot-of-sources-of-coverage-among-medicare-beneficiaries-in-2018> 4. What's Medicare Supplement Insurance (Medigap)? Accessed December 28, 2022. <https://www.medicare.gov/supplements-other-insurance/whats-medicare-supplement-insurance-medigap> 5. How to compare Medigap policies. Accessed December 28, 2022. <https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies> 6. Centers for Medicare and Medicaid Services (CMS). Annual Release of Part D National Average Bid Amount and Other Part C&D Bid Information. Published July 29, 2022. Accessed December 28, 2022. <https://www.cms.gov/files/document/july-29-2022-parts-c-d-announcement.pdf> 7. Social Security Administration. Program Operations Manual System (POMS). HI 01101.020 IRMAA Sliding Scale Tables. Accessed December 28, 2022. <https://secure.ssa.gov/poms.nsf/lnx/0601101020> 8. Centers for Medicare and Medicaid Services (CMS). Announcement of Calendar Year (CY) 2023 Medicare Advantage Capitation Rates and Part C and Part D Payment Policies (April 4, 2022). Accessed December 28, 2022. <https://www.cms.gov/files/document/2023-announcement.pdf> 9. Janssen Biotech, Inc. Part D 2023 Model for Branded Drugs; Data on File. 10. Social Security Administration. Understanding the Extra Help with Your Medicare Prescription Drug Plan. Published January 2023. Accessed January 6, 2023. <https://www.ssa.gov/pubs/EN-05-10508.pdf> 11. Centers for Medicare & Medicaid Services. Medicare Prescription Drug Benefit Manual. Chapter 6 – Part D Drugs and Formulary Requirements, Rev. 18. Accessed January 6, 2023. <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Part-D-Benefits-Manual-Chapter-6.pdf>

# Medicare Coverage for Branded Drugs

2023

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 2023

- The Part B standard monthly premium for all enrollees in 2023 is \$164.90
- Higher income enrollees (>\$97,000 individual tax returns; >\$194,000 joint tax returns) are subject to an income-related monthly adjustment which can raise premiums up to \$560.50 per month.<sup>1</sup>
- The Part B deductible for 2023 is \$226 for all Part B beneficiaries.<sup>1</sup>
- 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.<sup>2</sup>

## Most Medicare beneficiaries have some type of supplemental insurance coverage<sup>3</sup> 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).<sup>4</sup>
- 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.<sup>4</sup>
- “Standardized” Medigap policies (identified by letters A through N) are available in most states. Benefits and coverage percentages vary by plan type.<sup>5</sup>
- Eight of the 10 standardized Medigap plans cover all of the Medicare Part B co-insurance (20%) and the remaining plans cover a portion.<sup>5</sup>
- 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. Those who were eligible for Medicare before January 1, 2020, but not yet enrolled, may be able to buy one of these plans.<sup>5</sup>
- Beneficiaries should compare premiums and coverage options to determine the most appropriate Medigap policy.

# How Medicare Part D Covers Branded Prescription Drugs

## The 2023 “standard” Medicare Part D drug benefit for brand-name drugs

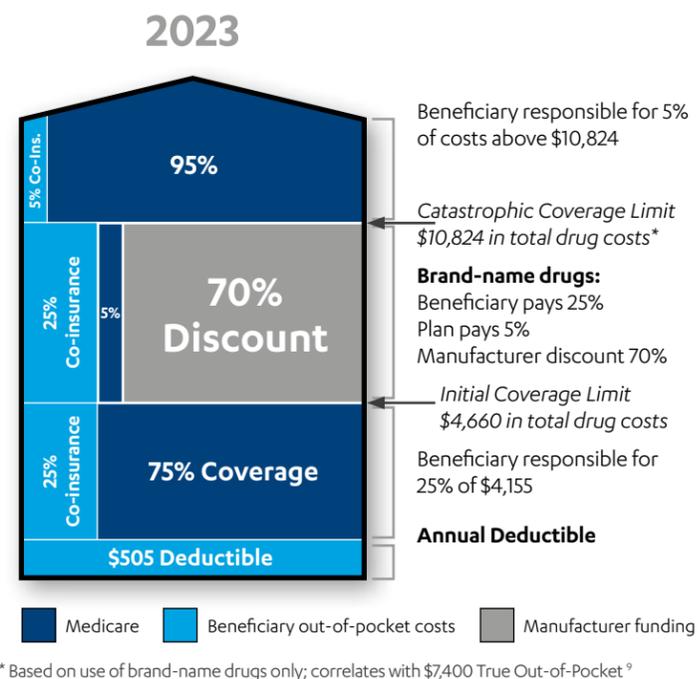
**Premium:** CMS estimates the 2023 base beneficiary Part D premium at \$32.74 per month.<sup>6</sup> Actual premiums can vary significantly between Part D plans. In addition to the premium, higher income Part D enrollees will pay an income-related monthly adjustment amount (Part D-IRMAA).<sup>7</sup>

**Deductible:** The annual deductible for 2023 is \$505.<sup>8</sup> 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 2023, the Initial Coverage Limit is \$4,660 in total drug costs.<sup>8</sup> The beneficiary is typically responsible for 25% of that amount, less the deductible (25% of \$4,155). 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 \$10,824, the 2023 Catastrophic Coverage Limit.<sup>9</sup>

**Catastrophic Coverage Period:** Once the 2023 Catastrophic Coverage Limit is reached, the beneficiary is responsible for minimal cost-sharing for the remainder of the year.<sup>8</sup>



## Other important points about Medicare Part D

- The costs illustrated in this brochure represent the standard Medicare Part D prescription drug benefit applied to brand-name drugs. 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.” The Extra Help program is estimated to be worth about \$5,300 per year.<sup>10</sup>

## 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 processes<sup>11</sup>