



## What is the Medicare “Donut Hole” aka Coverage Gap?

The Medicare Part D donut hole or coverage gap is the [phase of Part D coverage](#) after your initial coverage period. You enter the donut hole when your total drug costs—including what you and your plan have paid for your drugs—reaches a certain limit. In 2022, that limit is \$4,430. While in the coverage gap, you are responsible for a percentage of the cost of your drugs.

### How does the donut hole work?

The donut hole closed for all drugs in 2020, meaning that when you enter the coverage gap you will be responsible for 25% of the cost of your drugs. In the past, you were responsible for a higher percentage of the cost of your drugs.

Although the donut hole has closed, you may still see a difference in cost between the initial coverage period and the donut hole. For example, if a drug’s total cost is \$100 and you pay your plan’s \$20 copay during the initial coverage period, you will be responsible for paying \$25 (25% of \$100) during the coverage gap.

### How do I get out of the donut hole?

In all Part D plans, you enter catastrophic coverage after you reach \$7,050 in out-of-pocket costs for covered drugs. This amount is made up of what you pay for covered drugs and some costs that others pay. During this period, you pay significantly lower copays or coinsurance for your covered drugs for the remainder of the year. The out-of-pocket costs that help you reach catastrophic coverage include:

- Your deductible
- What you paid during the initial coverage period
- Almost the full cost of brand-name drugs (including the manufacturer’s discount) purchased during the coverage gap
- Amounts paid by others, including family members, most charities, and other persons on your behalf
- Amounts paid by [State Pharmaceutical Assistance Programs \(SPAPs\)](#), AIDS Drug Assistance Programs, and the Indian Health Service

Costs that do not help you reach catastrophic coverage include monthly premiums, what your plan pays toward drug costs, the cost of non-covered drugs, the cost of covered drugs from pharmacies outside your plan’s network, and the 75% generic discount. During catastrophic coverage, you will pay 5% of the cost for each of your drugs, or \$3.95 for generics and \$9.85 for brand-name drugs (whichever is greater).

Your Part D plan should keep track of how much money you have spent out of pocket for covered drugs and your progression through coverage periods—and this information should appear in your monthly statements. Note: If you have [Extra Help](#), you do not have a coverage gap. You will pay different drug costs during the year. Your drug costs may also be different if you are enrolled in an SPAP.