



## MEDICARE PART D COVERAGE GAP

How have federal regulations impacted the Medicare Part D Coverage Gap, known as the “Donut Hole”, for seniors?

The ACA gradually closes the gap between 2010 and 2020 by establishing progressively lower coinsurance for generic drugs and providing coverage for brand-name drugs (with discounts from pharmaceutical manufacturers) in the gap. Under the ACA, the donut hole was scheduled to reduce coinsurance for seniors from 100 percent to 25 percent by 2020. The Bipartisan Budget Act of 2018 decreases contributions to 25 percent by 2019 instead of 2020. It also increases the drug-manufacturer discount of prescriptions in this final phase, starting in 2019, from 50 percent to 70 percent, with the plan responsible for 5 percent. The 70 percent manufacturer discount will count toward beneficiary out-of-pocket costs.

The federal Medicare Part D 28 percent drug subsidy has been maintained, but can no longer be deducted by an employer as a business expense, effective January 1, 2013.