# MED D - 4 Stages of Medicare Part D Coverage

Refer to new document: [MED D - Stages of Medicare Part D Coverage (Deductible, ICL, Coverage Gap, Catastrophic)](https://thesource.cvshealth.com/nuxeo/thesource/#!/view?docid=1585e546-ac16-4e49-94fa-045c94ecde2d) for 2025 updates and information.



There are 4 stages of Medicare Part D Coverage and with each stage the plan benefits cost change.

**Annual Deductible**

* During this stage, the beneficiary pays the full cost of medications until the amount of the deductible is reached. Then the beneficiary will move to Initial Coverage.
* Deductible amounts differ between plans.

**Note:** $0 deductible plans start in the Initial Coverage stage.

**Initial Coverage**

* Initial Coverage begins once the deductible is reached.
* If the beneficiary’s plan does not have a deductible, this is the first stage of the benefit.
* During this stage cost sharing begins, which means the plan pays some of the cost and the beneficiary pays a copayment or coinsurance for medications until they reach the total drug spend amount established by Medicare.
* The time a beneficiary spends in the Initial Coverage will depend on medication cost.

**Coverage Gap**

* The Coverage Gap, also known as the Donut Hole, begins after the beneficiary’s total drug spend (amount the beneficiary pays and the plan pays) has reached:
  + **2024:** $5,030
  + **2023:** $4,660
* During this stage, the beneficiary will pay:
  + Brand Name Medication - no more than 25% of the plan’s cost for covered brand name medications.
  + Generic Medication - 25% of the cost for covered generic medications.
  + Tiers do not apply during the Coverage Gap.
* The beneficiary remains in the Coverage Gap until the true or total out-of-pocket costs (TrOOP) (except for premiums) reaches:
  + **2024:** $8,000
  + **2023:** $7,400
  + True Out-of-pocket (TrOOP) costs **include** everything but what the plan pays. (**Examples:** Annual deductible, as well as copayments or coinsurance paid by the beneficiary, or for LIS eligible individuals, the amount Medicare pays on their behalf.)
* Some plans offer additional coverage for those who enter the Coverage Gap.
* Some beneficiaries, such as those who are part of the Extra Help program, do not enter the Coverage Gap.

**Catastrophic Coverage**

* The last stage of Medicare Part D Coverage.
* Beneficiaries enter this stage after the total or true out-of-pocket costs (TrOOP) reaches:
  + **2024:** $8,000
  + **2023:** $7,400
* During this stage, beneficiaries usually pay a low copayment or coinsurance for medication for the remainder of the year.
* The beneficiary will pay:
  + **2024:** 
    - Part D Drugs: $0 member cost-share
    - Covered Non-Part D Drugs: Varies by plan
  + **2023:**
    - Generics: Either a 5% co-insurance or $4.15 copay (whichever is greater)
    - Brands: Either a 5% co-insurance or $10.35 copay (whichever is greater)
  + **2022:**
    - Generics: Either a 5% co-insurance or $3.95 copay (whichever is greater)
    - Brands: Either a 5% co-insurance or $9.85 copay (whichever is greater)

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