**MED D – Stages of Medicare Part D Coverage (Deductible, ICL, Coverage Gap, Catastrophic)**

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**Description:** This document covers the coverage stages: Deductible, Initial Coverage (copay/coinsurance), Coverage Gap, and Catastrophic.

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| Standard Benefits |

In accordance with CMS regulations, all Medicare prescription drug plans offered must provide coverage that is equal to or better than the Standard Part D benefits designated by CMS. Both basic plans (those that provide the same level of benefits as the CMS standard plan) and enhanced plans (those that provide additional or supplemental coverage for the beneficiary) are offered.

The Medicare Standard Part D prescription drug plan structure (like standalone Part D) is set up in three coverage stages:

* Deductible
* Initial Coverage (copay/coinsurance)
* Catastrophic

**Note:** Coverage Gap (donut hole) ended with the 2025 plan year.

The Centers for Medicare and Medicaid Services (CMS) have increased the Part D Benefit parameters.

**Note:** Always check the CIF for plan specific information – below are CMS parameters and may not reflect the specific plan benefit design.

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| **Stage** | **Stage of Coverage** | **2026** | **2025** | **2024** |
| **Stage 1** | **Deductible** | $615 | $590 | $545 |
| **Stage 2** | **Initial Coverage Limit (ICL) – Copay/Coinsurance** | $2,100 | $2,000  Member pays 25% for generic drugs and 25% on brand drugs for a Defined Standard benefit. If a plan offers enhanced cost-sharing, they will pay these cost-shares until their $2,000 out of pocket is met. | $5,030 |
| **Stage 3** | **Coverage Gap Coinsurance (Donut Hole) or Post Initial Coverage for beneficiaries who qualify for LIS.** | Ended with 2025 plan year. | Will end with the 2025 plan year | Member pays 25% for generic drugs and 25% on brand drugs. |
| **Stage 4** | **TrOOP Threshold** | $2,100 | $2,000 | $8,000 |
| **Catastrophic** | **Part D Drugs:**  **$0** member cost-share  **Covered Non-Part D Drugs:**  Varies by Plan | **Part D Drugs:**  **$0** member cost-share  **Covered Non-Part D Drugs:**  Varies by Plan | **Part D Drugs:**  **$0** member cost-share  **Covered Non-Part D Drugs:**  Varies by Plan |

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| **Stages of Medicare Part D Coverage** |

There are 3 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.

* In 2026, the Medicare Part D defined standard (DS) deductible is $615 for basic Part D prescription drug benefits. Your deductible may be different, based on the plan type you selected.
  + Plans may use drug tiering as part of their benefit design, and in many instances, a member's out-of-pocket cost for certain tiers does not count toward the plan's deductible. However, if the member's out-of-pocket cost for tiered prescriptions reaches the DS deductible amount ($615 in 2026), then the member has satisfied the deductible phase. The member is now eligible for their initial coverage phase benefits, including the Manufacturer's Discount Program.

**Initial Coverage**

* Initial Coverage begins once the plan or defined standard (DS) 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 TrOOP limit established by Medicare ($2,100 for 2026).
* The time a beneficiary spends in the Initial Coverage will depend on the member’s plan benefit design.

**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:
  + **2026:** $2,100
  + **2025:** $2,000
* The beneficiary will pay:
  + **2026:**
    - $0 member cost share for covered Part D drugs until end of plan year.
    - Covered Non-Part D Drugs: Varies by plan
  + **2025:**
    - $0 member cost share for covered Part D drugs until end of plan year.
    - Covered Non-Part D Drugs: Varies by plan

**Note**: Group Plans will have the **OPTION** for the 2026 plan year to apply $0 cost share to all **non-D drugs** in the Catastrophic Stage.

These plans will either:

* Apply the $0 cost share to all non-D drugs once the CMS annual out-of-pocket limit of $2,100 is reached

**OR**

* Keep a cost share (Initial Coverage Stage copay) on non-D drugs for the full plan year

The amounts paid for filling these non-Part D prescriptions do not count towards TROOP and will not move members toward the catastrophic phase.  In addition, these non-D drugs also cannot apply towards the Medicare Prescription Payment Plan program.

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| FAQ |

Refer to the following Frequently Asked Questions:

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| **Question** | **Answer** |
| What is the cost allowed and how is it determined? | * When filling a prescription using prescription drug coverage, the Plan and network pharmacies have negotiated rates for certain medications; this is also referred to as the allowed cost. The beneficiary will then be responsible for the standard copay/coinsurance for that tier level as outlined in the Evidence of Coverage (EOC); the Plan will be responsible for the remaining cost. * During the Initial Coverage Stage, the Plan will only pay on a drug when the allowed cost is over the beneficiary’s standard copay. Therefore, if the total allowed cost of the drug is less than the standard copay, the beneficiary will be responsible for the total allowed cost, plus dispensing fee. Although it may seem as though the Plan is not assisting the beneficiary with their drug costs, they are still receiving benefits and discounts as a beneficiary of the Plan. * The beneficiary will be informed that drug costs can vary depending on the quantity of medication dispensed, or if there is a price increase from the manufacturer. The manufacturer may increase the cost of a drug during the plan year, which may result in the allowed cost also increasing. |
| Why do I have to pay both a deductible and copay? | The Deductible is the first payment stage of a plan’s coverage. During the Deductible stage, the beneficiary must pay the full cost of the medication until they reach the plan’s deductible amount. The deductible amount must be reached before the plan begins to pay its share of the cost. After reaching the deductible amount, the beneficiary then pays the copay/coinsurance for the tier level of the drug. |

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| Related Documents |

[MED D - Determining TrOOP Status](https://thesource.cvshealth.com/nuxeo/thesource/#!/view?docid=ace20931-df5c-49f8-9b4a-df89aade1fa5)

**Parent SOP:** CALL-0048: [Medicare Part D Customer Care Call Center Requirements-CVS Caremark Part D Services, L.L.C.](https://policy.corp.cvscaremark.com/pnp/faces/SecureDocRenderer?documentId=CALL-0048&uid=pnpdev1)

**Abbreviations/Definitions:** [Abbreviations / Definitions](https://thesource.cvshealth.com/nuxeo/thesource/#!/view?docid=c1f1028b-e42c-4b4f-a4cf-cc0b42c91606)

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