Guide for Members

What is a Coverage Gap/"Donut Hole"?

GlobalHealth
Medicare Advantage Plans

Most Medicare drug plans have a coverage gap, often called the "donut hole," which is a temporary limit on what the drug plan will cover for medications.

It is one of the four coverage phases you may encounter during the year being on a Medicare Advantage plan with prescription drug coverage.

A coverage gap starts after the drug plan and the member have spent the threshold for the initial coverage stage. The threshold amount may change each year.

The reason it is called a "donut hole" is because it used to be a hole in the middle of your drug coverage during a calendar year where you'll pay more out of pocket for the cost of prescriptions before you exit the "donut hole".

The *coverage phases* of a Medicare Part D plan start every January 1st.

The phase that you are in will be indicated on the explanation of benefits (EOB).

1. **Initial Coverage** - Where you pay your share of prescription cost through copayments or coinsurance.
2. **Coverage Gap / "Donut Hole"** - All GlobalHealth Medicare Advantage plans have additional coverage or "gap coverage," where the copay for certain medications in certain tiers will remain the same during the gap phase.

   Items that count towards the coverage gap:

   - ✓ Your coinsurance and copayments that you may pay
   - ✓ The discount you get on brand-name drugs in the coverage gap
   - ✓ What you pay in the coverage gap
   - ✓ Payments made by others on member's behalf such as assistance programs

   *Items that **don't count** towards the coverage gap:*

   - ✗ The drug plan premium
   - ✗ Pharmacy dispensing fee
   - ✗ What you pay for drugs that aren't covered in the gap
   - ✗ Plan payments
3. **Catastrophic Coverage** - Where you'll only pay a small copayment or coinsurance for covered drugs for the rest of the year.

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