



Prescription Drug Coverage (Part D) – 2027 Rules

Medicare Part D helps pay for prescription drugs. Under the Inflation Reduction Act redesign, the old “donut hole” is gone. In 2027 you have a clear annual out-of-pocket maximum and simpler stages.

How Part D Works in 2027 (Three Stages)

1. Deductible Stage

You pay the full cost of covered drugs until you meet your plan's deductible. The standard maximum deductible for 2027 is \$700. (Many plans have a lower or \$0 deductible. Insulin and recommended vaccines are not subject to the deductible.)

2. Initial Coverage

You and the plan share costs. Under the standard benefit you generally pay 25% coinsurance. This stage continues until your true out-of-pocket spending reaches the annual maximum.

3. Catastrophic Coverage

Once you reach the 2027 annual out-of-pocket maximum of \$2,400, you pay \$0 for covered Part D drugs for the rest of the calendar year.

BIG CHANGE SINCE 2025

The Coverage Gap (“donut hole”) was permanently eliminated. You now have a hard annual out-of-pocket cap (\$2,400 in 2027). Once you hit it, covered drugs cost you nothing more that year.

LATE ENROLLMENT PENALTY – STILL IMPORTANT

If you go 63 days or longer without creditable drug coverage after your Initial Enrollment Period, you face a permanent penalty: 1% of the national base beneficiary premium (\$41.33 in 2027) for each full month without coverage. This extra amount is added to your premium for as long as you have Part D.

Smart Tips for 2027

- Review your plan every year (Oct 15 – Dec 7)
- Confirm your drugs are on the formulary
- Compare pharmacy networks & preferred pharmacies
- Watch deductible and copay changes
- Creditable coverage (employer, VA, etc.) helps avoid the late penalty
- Insulin remains capped at \$35/month

HOW HUGS CAN HELP

We can review your current medications, check formulary coverage, and help you compare 2027 Part D options so you avoid unnecessary costs and penalties. At HUGS we have no greater joy than to hear that our clients are walking with confidence.