





Changes to Medicare Part D in 2025 will Cap Out-Of-Pocket (OOP) Costs for Patients

The Inflation Reduction Act of 2022 included several provisions to reduce OOP costs for Medicare Part D medicines:^{1,2}

- In 2025, \$2,000 is the total maximum OOP cost patients will pay for their covered Part D drugs. This includes their annual deductible.
- In 2025, patients have the option to spread their OOP costs out over the course of the year by opting in to the Medicare Prescription Payment Plan, also known as M3P.

Medicare Prescription Payment Plan Highlights²

|  |  |  |  | | |
|--|---|---|--|--|---|
| <p>Eligibility:</p> <p>Applies to only drugs covered by Medicare Part D</p> <hr/> <p>Part D sponsors are required to notify a pharmacy when a patient is likely to benefit from the plan</p> <hr/> <p>According to CMS:</p> <table><tr><td>Likely to benefit: <i>Patients who face high-cost sharing for prescription drugs early in the year</i></td><td>Unlikely to benefit: <i>Patients with low, stable costs, for example, those in the Extra Help program</i></td></tr></table> | Likely to benefit: <i>Patients who face high-cost sharing for prescription drugs early in the year</i> | Unlikely to benefit: <i>Patients with low, stable costs, for example, those in the Extra Help program</i> | <p>Opting in:</p> <p>Patients may opt in during open enrollment (Oct 15th – Dec 7th, 2024) or any point during the plan year</p> <hr/> <p>Patients can opt in by visiting their health plan's website or by calling their plan</p> <hr/> <p>During plan year, plans are required to process and confirm enrollment within 24 hours</p> <p>— <i>Prior to the plan year, plans are required to process enrollment within 10 calendar days</i></p> <div><p>To streamline election process and avoid dispensing delays patients should opt in before their prescription is dispensed</p></div> | <p>Payments:</p> <p>No payment is required at pharmacy</p> <hr/> <p>Patients will receive a monthly bill from Part D sponsor</p> <hr/> <p>There is no cost, interest or fees to opt into the payment plan</p> <hr/> <p>The payment plan does not cover monthly premiums</p> | <p>Opting Out and Missed Payments:</p> <p>Patients can opt out at any point during the plan year</p> <hr/> <p>Health plans will mail a payment deadline within 15 days of a missed payment</p> <hr/> <p>2 month grace period of unpaid bills before removal from the program</p> <hr/> <p>Termination from the payment plan will not impact patient's enrollment in their Part D plan</p> <hr/> <p>Patients who opt out or are removed from the plan will pay any new OOP costs directly to the pharmacy</p> |
| Likely to benefit: <i>Patients who face high-cost sharing for prescription drugs early in the year</i> | Unlikely to benefit: <i>Patients with low, stable costs, for example, those in the Extra Help program</i> | | | | |

“Extra Help” Benefits were expanded in 2024 to help people with limited income and resources.⁴

\$0 drug plan premium **\$0** annual deductible **\$12.15** copay for brand-name drugs & \$4.90 copay for generic drugs **\$0** copay during the Catastrophic Coverage phase

Medicare Prescription Payment Plan Allows Patients to Spread Out OOP Costs Over the Remaining Months in the Year

Medicare Part D Patient OOP Costs for a Monthly \$15,000 Brand Name Product³⁻⁵

The following example models the impact of Part D changes on patient OOP costs in 2024 versus 2025 for a standard benefit Medicare Part D patient.

| | 2024* | 2025† | |
|---|-----------------------|-----------------------|--------------------|
| | First Fill in January | First Fill in January | First Fill in June |
| January | ~\$3,300 | \$2,000 or \$167 | |
| February | -- | -- or \$167 | |
| March | -- | -- or \$167 | |
| April | -- | -- or \$167 | |
| May | -- | -- or \$167 | |
| June | -- | -- or \$167 | \$2,000 or \$286 |
| July | -- | -- or \$167 | -- or \$286 |
| August | -- | -- or \$167 | -- or \$286 |
| September | -- | -- or \$167 | -- or \$286 |
| October | -- | -- or \$167 | -- or \$286 |
| November | -- | -- or \$167 | -- or \$286 |
| December | -- | -- or \$167 | -- or \$286 |
| TOTAL: (not including premiums) | ~\$3,300 | \$2,000 | |

Please note that in 2025 a patient's OOP cost and monthly payments, if they sign up for a payment plan, will vary depending on their mix of drugs and the month in which drugs are filled but patient OOP costs will not exceed \$2,000.

For more information on plan coverage, benefits, drug cost and pharmacy locator, visit <https://www.medicare.gov/plan-compare> or scan the QR code.



* Based on the defined standard parameters for 2024 (Deductible = \$545, Initial Coverage Limit Spending Threshold = \$5,030, TrOOP Catastrophic Threshold = \$8,000), the OOP cost for most Part D patients on brand name products may reach up to ~\$3,300, depending on plan design, benefits, formulary status, and any available subsidies.

† The example above is for a patient who fills a \$15,000 medication in January or June of 2025, assumes that the patient opted in during open enrollment and will hit their \$2,000 maximum in the first month they fill.

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For more information on additional Medicare changes resulting from the IRA, scan the QR code to visit <https://www.cms.gov/inflation-reduction-act-and-medicare>.

References: 1. Inflation Reduction Act, Pub. L. No. 117-169 (2022). 2. Centers for Medicare and Medicaid Services. (2024, February 29). Medicare Prescription Payment Plan: Final Part One Guidance. CMS. Retrieved September 5, 2024, from <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-one-guidance.pdf> 3. Medicare. (n.d.). Explore your Medicare coverage options. Retrieved September 5, 2024, from <https://www.medicare.gov/plan-compare> 4. Centers for Medicare and Medicaid Services. (2024, April 1). Announcement of Calendar Year (CY) 2025 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. CMS. Retrieved September 5, 2024, from <https://www.cms.gov/files/document/2025-announcement.pdf> 5. Cubanski, J., Neuman, T. (2023, April 20). Changes to Medicare Part D in 2024 and 2025 Under the Inflation Reduction Act and How Enrollees Will Benefit. KFF. Retrieved September 5, 2024, from <https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflation-reduction-act-and-how-enrollees-will-benefit/>