

Understanding Medicare Prescription Changes in 2025



Effective January 1, 2025, people with Medicare prescription drug plans will pay a maximum out-of-pocket expense of \$2,000 over the calendar year.

- The \$2,000 cap includes all Medicare Part D covered drugs.
- Medicare Advantage and traditional Medicare with Part D plans are included.
- Your Part D plan or Medicare Advantage drug plan will determine when the \$2,000 out-of-pocket cap is met.

HOW TO MANAGE THE \$2000 OUT-OF-POCKET COST FOR YOUR MEDICATION IN 2025

STEP 1: Find out if you qualify for a program that lowers your out-of-pocket costs, such as:

- Consider applying for Medicare Part D Extra Help program.
- Foundations: Financial assistance offered through independent charitable foundations, like the PAN Foundation.

What if I don't qualify for financial assistance in step 1?

STEP 2: Consider participating in the new Medicare Prescription Payment Plan

The new Medicare Prescription Payment Plan doesn't lower your total costs but spreads the total out-of-pocket expense into monthly payments.

Medicare Prescription Payment Plan:

The Medicare Prescription Payment Plan is a voluntary program that allows Medicare Part D enrollees to pay for prescription drugs in monthly installments over the course of the plan year. The Medicare Prescription Payment Plan went into effect January 1, 2025. If you determine this is your best option, you may choose to opt-in during Open Enrollment or anytime during the year. If the program will help you, it's better to opt-in early so that your payments will be spread out over more months, making it easier to manage your costs.

Is the Medicare Prescription Payment Plan right for me?

You may want to consider participating if:

- You have a hard time paying your out-of-pocket drug costs all at once.
- You paid over \$2,000 in out-of-pocket drug costs in the first nine months of last year.
- You have had a single prescription cost of at least \$600.
- You are not eligible for programs that would significantly reduce your out-of-pocket costs.
- You want to budget and spread your out-of-pocket drug costs throughout the year.

How does the Medicare Prescription Payment Plan work once I opt-in?

STEP 1: Your plan will let your pharmacy know that you are participating in the program. **You will pay \$0 to the pharmacy.**

STEP 2: Your plan will send you a bill each month. The bill will say the amount owed, when payment is due and how to make a payment. How much you pay from one month to the next can vary if you fill a new prescription. This bill will be separate from the bill you receive for your insurance premium.

HOW TO MANAGE THE \$2000 OUT-OF-POCKET COST FOR YOUR MEDICATION IN 2025 - continued

How do I opt-in to the Medicare Prescription Payment Plan?

You can sign up for this payment option during open enrollment or anytime during the calendar year by:

- Calling your plan—the plan’s phone number is on the back of your membership card.
- Visiting your plan’s website

How much will I pay for my prescriptions on the payment plan?

Your monthly cost is calculated by adding your normal out-of-pocket expense for your prescriptions with your previous month’s balance, then divided by the number of months left in the year. Your monthly payment may vary based on the prescriptions you fill. Each month, your plan will calculate the amount you owe and send you a bill.

Where can I learn more?

- Your health or Part D plan: Visit your plan’s website or call your plan; their phone number is on the back of your membership card.
- Visit [Medicare.gov](https://www.Medicare.gov) or call 1-800-MEDICARE (633-4227). TTY users: 1-877-486-2048.
- Visit the PAN Foundation’s Medicare reforms education hub at panfoundation.org/reforms.
- Contact your local State Health Insurance Assistance Program to receive free, personalized health insurance counseling. Learn more at shiphelp.org.
- You can enroll in the Extra Help program through the Social Security Administration online at ssa.gov/ExtraHelp or by phone at 1-800-772-1213.
- Medicare PlanFinder: input your medications to see what your monthly costs will be at www.medicare.gov/plan-compare



Media Resources

PDF

What’s the Medicare Prescription Payment Plan?
bit.ly/3CBVLHq

Manage Your Monthly Drug Costs
bit.ly/3PZF8bJ

Cut your Medicare prescription drug costs with “Extra Help”
bit.ly/3PZn41r

Medicare & You 2025
bit.ly/4gp3lxp

WEBSITES

Welcome to Medicare:
www.medicare.gov

State Health Insurance Assistance Program:
www.shiphelp.org

PAN Foundation:
“Everything you need to know about medicare reforms”
bit.ly/4hJaajP

WEBINARS

Pharmaceutical Strategies Group (PSG)
“Navigating M3P: Understanding the Essential and Key Steps for Managed Care Preparation (Recording)”
bit.ly/40ZiCWu

Center for Medicare Advocacy & PAN
“Understanding the Changes of Medicare Part D for 2025”
bit.ly/4gqyWEg

National Association of Medication Access & Patient Advocacy (NAMAPA)
“Patient Care and the Inflation Reduction Act (IRA): A Deep Dive”
bit.ly/4hsaaOQ

2025 Medicare: Program Updates, Payment Breakdowns



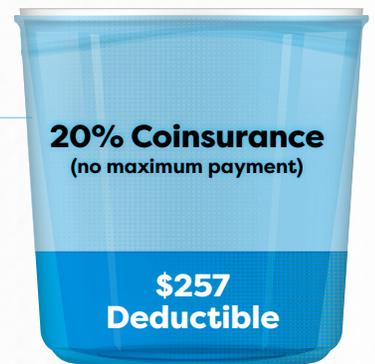
HOSPITAL STAYS *Medicare Part A*

- For days 91 and beyond, patient pays coinsurance of \$838/day
- For days 61-90 inpatient, patient pays coinsurance of \$419/day
- Deductible payment is paid by patient every 60 days. This means the part A deductible can be paid multiple times per year depending on length of inpatient stays.



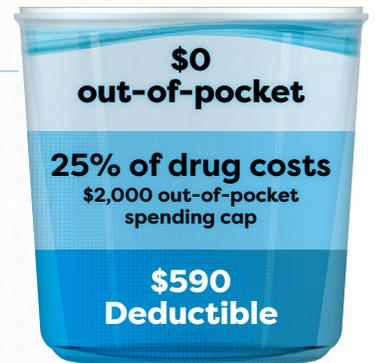
DOCTOR VISITS/OUTPATIENT SERVICES *Medicare Part B*

- Patient is responsible for 20% of the cost of covered part B services, while Medicare covers the remaining 80%
- Part B deductible is paid annually



PHARMACY *Medicare Part D*

- After the deductible is paid, patients begin paying only 25% of drug costs. This is called a copay.
- Patients will cover 25% of their drug costs during the initial coverage phase until their out-of-pocket spending reaches \$2,000 (brand and generic medications). After that, they will be eligible for catastrophic coverage and will incur no further out-of-pocket expenses.



What Does a Medicare Card Look Like?

The Medicare card is an important document that every Medicare beneficiary receives. Here's a description to help you recognize and understand your Medicare card:

- The card is typically white with red and blue stripes across the top.
- Your full name as it appears on your Social Security records.
- Distinct Medicare numbers are listed on each card.
- **Medicare Number:** A unique number that is used for your Medicare services.
- **Part A Effective Date:** The date your Part A coverage starts.
- **Part B Effective Date:** The date your Part B coverage starts. These dates are essential for knowing when your coverage begins.

What is a Deductible?

Money paid by patient before the insurance plan starts to pay

What is a Co-pay?

A set amount you pay each time you go to the doctor or fill a prescription



The information provided is subject to change based on updates to Medicare policies or related programs.
Please consult official resources, such as Medicare.gov or your health plan, for the most current details.