

ESSENTIAL MEDICARE UPDATES FOR 2025: EVERYTHING YOU SHOULD KNOW

Out-of-pocket costs for prescription drugs will be capped

In 2025, individual out-of-pocket spending for covered Part D drugs will be capped at \$2,000, meaning that beneficiaries will have no cost sharing above that amount. Comparing the 2024 defined standard benefit to the 2025 defined standard benefit, the average out-of-pocket cost for non-employer, non-law-income beneficiaries who reach the catastrophic phase of benefit in 2025 will be reduced by more than 50%, a reduction of more than \$2,000 per year.

People with Medicare will have the option to spread their prescription drug costs throughout the year

Starting in 2025, Part D plan sponsors will provide their enrollees with the option to participate in the Medicare Prescription Payment Plan, which allows them to pay out-of-pocket prescription drug costs in the form of monthly payments over the course of the plan year instead of all at once to the pharmacy. Part D enrollees who select this payment option will pay \$0 to the pharmacy for covered Part D drugs, and Part D plan sponsors will then bill program participants monthly for any cost sharing they incur while in the program.

Cost sharing will continue to be capped at \$35 for covered insulins and \$0 for Part D recommended adult vaccines

Since 2023, people with Medicare Part D coverage have paid no more than \$35 for a month's supply of each covered insulin product. This benefit expanded to Part B coverage on July 1, 2023. Additionally, since 2023, people with Medicare prescription drug coverage have had more access to adult vaccines recommended by the Advisory Committee on Immunization Practices and covered under Part D at no cost.

Supplemental Part D benefits count towards individual out-of-pocket costs

People with Medicare enrolled in a Part D plan that offers enhanced supplemental benefits will have the added advantage of these supplemental benefits counting towards their out-of-pocket costs, resulting in their reaching the \$2,000 cap for 2025 sooner.



What is the Medicare Prescription Payment Plan?

The program has two main benefits for seniors:



Patients' out-of-pocket costs will be **capped at \$2,000** a year.



Patients can **spread their prescription costs** evenly across 12 monthly payments

The program is for patients enrolled in the Medicare Part D Program.

How will the program work?



1 A patient will enroll in the Medicare Prescription Payment Plan.



2 The patient's Part D plan sponsor will pay their upfront out-of-pocket costs.



3 The patient's annual out-of-pocket expense will be divided into 12 installments. Each month the patient will make his or her monthly payment to the Part D sponsor, instead of paying the pharmacy

If patients accrue additional costs throughout the year, their payments may adjust. But their annual total will not exceed \$2,000.

How can I opt in?

Patients can opt in to the Medicare Prescription Payment Plan directly with their Part D sponsor during open enrollment season, which begins October 15, 2024.

When can a patient opt in to the program?

- **October 15, 2024:** Enrollment opens
- **January 1, 2025:** Medicare Prescription Payment Plan begins

After initial enrollment opens on October 15, 2024, Medicare Part D patients may opt in at any point during the year.

<https://www.medicare.gov/publications/10050-medicare-and-you.pdf> (Medicare and You Handbook 2025)
<https://www.medicare.gov/drug-coverage-part-d>

