Important Changes for Medicare Part D in 2025

In August 2022, the Inflation Reduction Act (IRA) was signed into law. The IRA touched on several sectors of the economy, including healthcare. It contains several provisions with varying effective dates beginning in 2023 and extending beyond 2031. Individual and group plans, as well as standalone Prescription Drug Plans (PDPs) and Medicare Advantage Plans with Drug benefits (MAPDs), will be impacted.

Below are key provisions of the IRA, an implementation timeline, and answers to frequently asked questions. Please note: Several questions have yet to be answered by the Centers for Medicare and Medicaid Services (CMS).

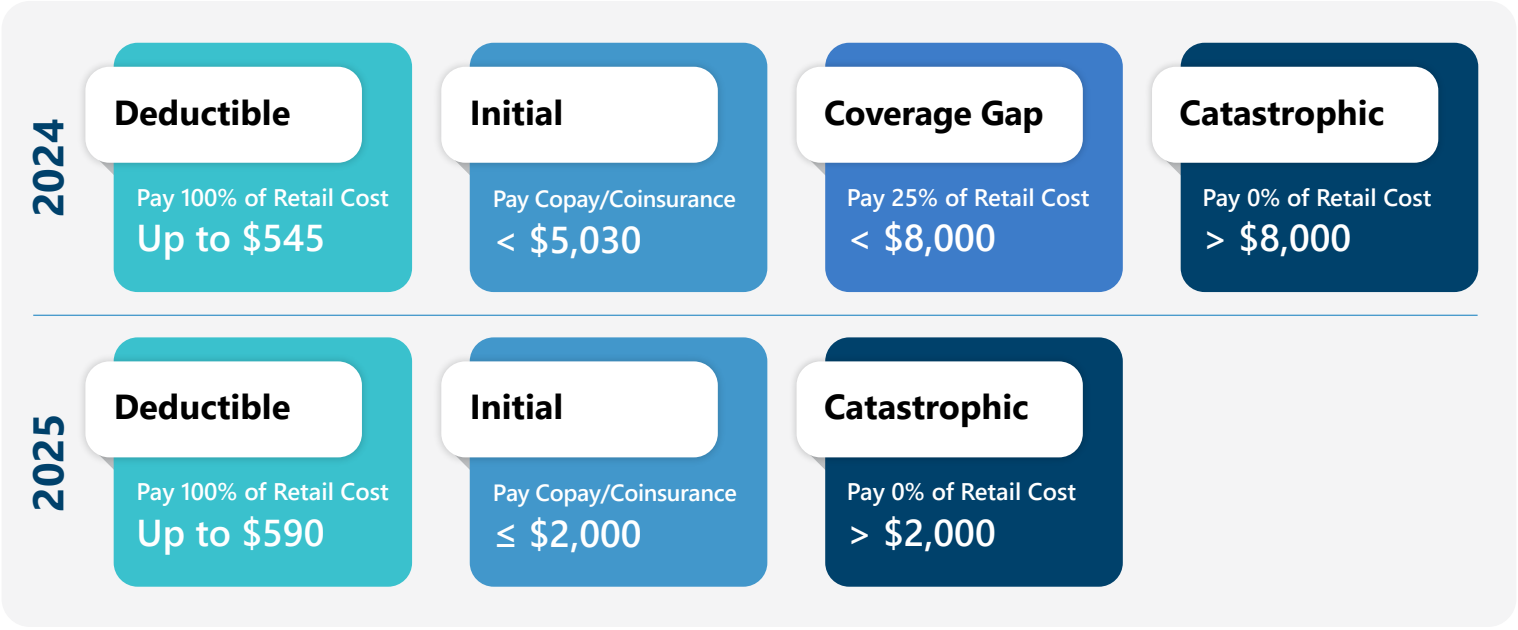
AlignRx will update this resource and make member pharmacies aware of relevant information as it becomes available.

Key Changes Effective 2025

1. **Lower Out-Of-Pocket Maximum**
   In 2024, Medicare beneficiaries were required to hit an $8,000 out-of-pocket maximum on prescription drug expenses before entering the Catastrophic Coverage stage. In 2025, this out-of-pocket maximum is $2,000.

2. **Medicare Prescription Payment Plan Introduction**
   Medicare beneficiaries can elect to have cost-sharing spread over the benefit year. Enrolled Medicare beneficiaries will pay $0 to the pharmacy for covered Part D drugs, and Part D plan sponsors will bill program participants monthly for any cost sharing incurred while in the program. Pharmacies will be paid in full by the Part D sponsor in accordance with Part D prompt payment requirements.

3. **Elimination of the Coverage Gap or Medicare Part D "Donut Hole"**
   Medicare beneficiaries will only see three drug coverage stages: Deductible (depending on plan), Initial Coverage, and Catastrophic Coverage. Previously, there were four coverage stages.



Inflation Reduction Act Timeline Through January 2026

August 2022

Inflation Reduction Act signed into law.

January 2023

Adult vaccines recommended by Advisory Committee on Immunization Practices (ACIP), including shingles vaccine available to Medicare Part D beneficiaries at no cost to them.

October 2023

Coverage for recommended ACIP vaccines extended to most adults with Medicaid and CHIP beneficiaries at no cost to them.

January 2024

Mechanism enacted to limit average premium increases across most Part D plans to 6% over the previous year.

September 2024

Deadline for CMS to publish list of first 10 Medicare Part D drugs selected for the Drug Price Negotiation Program. Maximum fair prices negotiated for these first 10 Part D drugs goes into effect in 2026.

February 2025

Deadline for CMS to publish 15 additional Medicare Part D drugs for Drug Price Negotiation Program negotiation.

January 2026

Maximum fair prices for first 10 Medicare Part D drugs selected for the Drug Price Negotiation Program go into effect.

January 2023

Monthly cost-share for covered insulin products capped at $35 per month for Medicare beneficiaries with drug coverage through a Part D or Medicare Advantage plan.

July 2023

Monthly cost-share for covered insulin products capped at $35 per month for Medicare beneficiaries who access insulin through Medicare Part B and take insulin through a pump.

January 2024

Medicare beneficiaries with prescription drug coverage pay no coinsurance or co-payments during the catastrophic coverage stage.

January 2024

Expanded financial help for Medicare beneficiaries enrolled in low-income subsidy or "Extra Help" programs.

January 2025

Medicare beneficiaries with prescription drug coverage pay no more than $2,000 out-of-pocket for prescription drugs. Members can also spread out-of-pocket costs over the year through the Medicare Prescription Payment Plan.

November 2025

Deadline for CMS to publish maximum fair prices for 15 selected drugs. Maximum fair prices negotiated for these 15 Part D drugs goes into effect in 2027.

Sources:
Inflation Reduction Act Timeline (cms.gov)
Inflation Reduction Act Toolkit | HHS.gov
What's the Medicare Prescription Payment Plan?

Frequently Asked Questions

Is the Medicare Prescription Payment Plan for everyone?

Any Medicare beneficiary can enroll in the Medicare Prescription Payment Plan by contacting their plan before or during the 2025 plan year; however, the program is most likely to benefit patients with high deductibles who would have to pay a large out-of-pocket amount at the beginning of the year.

Pharmacies will receive a message in the third-party details when a claim is submitted if the patient is "Likely to Benefit" from the Medicare Prescription Payment Plan.

Does this program replace Low-Income Subsidy or Extra Help?

This payment option does not reduce the amount of money an individual pays in out-of-pocket costs; it helps individuals with high costs spread those costs out throughout the plan year. The Medicare Savings Programs and Medicare's Part D Low Income Subsidy program (also called "Extra Help") help reduce costs for individuals who qualify based on income and resource limits. Individuals are strongly encouraged to check their eligibility for these programs before they consider participating in the Medicare Prescription Payment Plan.

If the Medicare beneficiary pays nothing at the counter, how does the pharmacy receive the cost-share owed?

The Part D sponsor will pay the Medicare beneficiary's co-pay in addition to the Part D sponsor's portion of the payment. Claims processed for a Medicare beneficiary enrolled in the Medicare Prescription Payment Plan will require an additional claim submission. When a pharmacy processes the initial Part D transaction, it will receive the processing information that must be utilized to bill the plan the remaining patient co-pay amount.

When does the pharmacy receive the additional cost-share?

Per the prompt pay provision, pharmacies must be made whole within 14 days for electronic claims and no later than 30 days for other claims.

What happens to the Medicare beneficiary's co-pay amount? When and whom do they pay?

Beneficiaries will receive a monthly bill from their health plan. Although they won't pay for medications at the pharmacy, the beneficiary is responsible for the costs. Monthly payments may increase when a new prescription (or refill of an existing prescription) is filled because as new out-of-pocket costs are added to the monthly payment, there are fewer months left in the year to spread out remaining payments.

What happens when the pharmacy receives a message stating a Medicare beneficiary is "Likely to Benefit" from the Program?

When a Medicare beneficiary has a co-pay for a single covered Part D drug of $600 or more and has not opted into the program, Part D sponsors will notify the pharmacy that based on the transaction cost, the enrollee is "Likely to Benefit" from the program. The pharmacy will provide the Part D enrollee with the Medicare Prescription Payment Plan Likely to Benefit Notice, a standardized notice that all Part D sponsors are required to use. The Notice can be downloaded from CMS.gov.

An unenrolled Medicare beneficiary fills a prescription that prompts the Likely to Benefit Notice at the pharmacy. What happens?

If a Medicare beneficiary wishes to enroll in the Medicare Prescription Payment Plan, they must contact the plan sponsor and request to enroll. Plan sponsors are required to enroll the Medicare beneficiary within 24 hours of being notified. The pharmacy must reverse and reprocess the applicable claim(s) after the beneficiary is enrolled.

What happens if an enrolled Medicare beneficiary doesn't pay their bill?

The Medicare beneficiary will receive a reminder from the health plan if a payment is missed. If the bill is not paid by the date listed in the reminder, the beneficiary will be removed from the Medicare Prescription Payment Plan.

Once a beneficiary opts into the Medicare Prescription Payment Plan, are all prescriptions, including lower cost generics, included?

Once an individual has opted into the program, out-of-pocket cost sharing for all covered Part D medications must be included until the participant reaches the $2,000 out-of-pocket threshold or opts out of the Medicare Prescription Payment Plan.

Can a Medicare beneficiary leave the Medicare Prescription Payment Plan?

An enrolled beneficiary can unenroll at any time and will begin to pay the pharmacy any co-pays at the point of sale. The beneficiary can choose to pay the remaining balance to the health plan in full or in monthly payments.