

SPECIAL UPDATE

How Will the Inflation Reduction Act Impact Prescription Drug Coverage For Medicare Recipients in 2025?



OVERVIEW

The Inflation Reduction Act of 2022

On August 16, 2022, the Biden administration signed into law H.R.5376, the Inflation Reduction Act of 2022. This legislation includes sweeping changes to Medicare Part D. Benefits changes apply to all Part D plans/benefits, including individual and group (self-funded and fully insured) standalone Medicare prescription drug plans (PDPs) and Medicare Advantage plans with Medicare prescription drug benefits (MAPDs). The IRA changes began in 2023 and will continue until 2032.



2025 PART D CHANGES

Eliminates the Prescription Drug **Coverage Gap Phase**.

Caps annual out-of-pocket drug costs at \$2,000 for individuals with Medicare Part D.

Requires all Medicare plans that include Part D to offer enrollees the option of a **Prescription Payment Plan**.

Part D plans and **drug manufacturers** to **pay a larger share of drug costs**.

Effective January 1st



2025 STANDARD PART D BENEFIT DESIGN

Deductible Phase

\$590 Annual Deductible

The member will pay 100% of their gross covered Prescription Drug Plans.



Initial Coverage Phase

The member pays a **25% Coinsurance** for covered Part D Drugs.

This phase ends when the member has reached the out-of-pocket maximum threshold of **\$2,000**.



Catastrophic Phase

The member pays **no cost-sharing** for covered Part D drugs.



WHAT IS CHANGING?

2024 vs. 2025

Plan Year	Annual Deductible	Initial Coverage	Coverage Gap (Donut Hole)	Catastrophic Coverage
2024	\$545	A copay or coinsurance is paid for prescription drugs during the initial coverage phase up to \$5,030 in total drug costs.	Beneficiaries pay 25% of the cost of generic drugs and 25% of the undiscounted costs of brand name drugs during the "Coverage Gap" phase up to \$8,000 in true out-of-pocket costs.	Beneficiaries pay 0%.
2025	\$590	A copay or coinsurance is paid for prescription drugs during the initial coverage phase up to \$2,000 in total drug costs. This cap does not apply to out-of-pocket spending on Part B drugs.	Eliminated: Part D enrolled beneficiaries will no longer face a change in their cost sharing for a given drug when the move from the Initial coverage phase.	Beneficiaries pay 0%.

WHAT IS THE MEDICARE PRESCRIPTION PAYMENT PLAN?

- The Medicare Prescription Payment plan is a new program created under the Inflation Reduction Act that offers Part D enrollees the **option to pay monthly** rather than all at once for their prescriptions at the pharmacy.
- This program **begins January 1, 2025**, and will include both standalone Medicare prescription drug plans and Medicare Advantage plans with prescription drug coverage.

WHAT IS THE MEDICARE PRESCRIPTION PAYMENT PLAN? (CONTINUED)

- The Medicare prescription payment plan will not reduce the amount of money an individual pays in out-of-pocket costs. **It will help beneficiaries with high costs by spreading them throughout the plan year.**
- Those who incur higher out-of-pocket costs earlier in the plan year are generally more likely to benefit from the payment plan, as are Part D enrollees who are not already receiving assistance to pay for their Part D prescription drugs through the Extra Help program or other financial assistance programs.

WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR THE MEDICARE PRESCRIPTION PAYMENT PLAN and HOW DO I ENROLL?

- **Enrollment is not mandatory;** not all beneficiaries qualify or may want to enroll in the Medicare Prescription Payment plan.
- The insured must reach a **\$600 threshold for a single prescription at the point of sale.**
- If an enrollee has cost-sharing for a single covered Part D drug of \$600 or more and has yet to opt into the program, **the Part D sponsor must notify the pharmacy to inform the individual about the program.** The pharmacy will provide the Part D enrollee with the Medicare Prescription Payment Plan Likely to Benefit Notice.

WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR THE MEDICARE PRESCRIPTION PAYMENT PLAN and HOW DO I ENROLL?

(CONTINUED)

- For those who meet the criteria, the payment plan offers the **flexibility to opt in or out at any point during the plan year.**
- **Part B drugs and medications not on the member's plan formulary do not qualify** for the Medicare Prescription Payment plan.
- Once beneficiaries have chosen to participate in the program, **their insurance carrier will spread out their prescription drug costs over the remaining months of the plan year**, and they will not have to pay anything at the pharmacy.

THE INFLATION REDUCTION ACT AND CREDITABLE COVERAGE

The Inflation Reduction Act of 2022 (IRA) includes several cost-reduction provisions affecting Medicare Part D plans, which **may** impact the creditable coverage status of employer-sponsored prescription drug coverage beginning in 2025.

- Creditable coverage means that the employer's prescription drug coverage is **at least as good** as Medicare Part D coverage.
- Employers **must** provide a Notice of Creditable Coverage (NOCC) to all Medicare-eligible individuals who are applying for or covered under the plan.



EMPLOYER-SPONSORED PLANS

POTENTIAL IMPACTS ON INDIVIDUAL MEDICARE PLANS

Premiums	Copays and Cost-sharing	Drug Tiers	Formularies	Networks
<p>What you pay for your Medicare plan.</p>	<p>What you pay for your prescriptions or services.</p>	<p>Prescriptions may change tiers, which will impact the cost.</p>	<p>The prescriptions your plan covers.</p>	<p>Where you can fill prescriptions or obtain services.</p>

OUR SERVICES

As your local agent, I am dedicated to providing you with personalized Medicare plan reviews tailored to your unique needs. My services include a comprehensive analysis of prescription drug costs to help you save money and ensure your preferred physicians and facilities are in-network. I stay informed about any plan changes or new options to keep you updated. You can count on exceptional customer service to address all your questions regarding benefits, billing, claims, and more. I'm here to support you every step of the way, ensuring you have the information needed to make informed decisions. Best of all, there's no cost or obligation for my services.

Ensuring You Know What to Expect January 1, 2025



NEW TO MEDICARE
AND ANNUAL
PLAN REVIEWS



ESTIMATED
PRESCRIPTION
DRUG COST
ANALYSIS



PROVIDER
AND FACILITY
NETWORK
CHECK





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