

Medicare Part D Updates for 2025*

Additional Inflation Reduction Act (IRA) changes are taking effect in 2025. If you have Medicare Part D, you will benefit from lower out-of-pocket prescription drug costs and a redesigned prescription drug program.

What changes can I expect?



Cap on Out-of-Pocket Costs

This means you pay a maximum of \$2000 in out-of-pocket prescription drug costs in 2025.



A Cap on Plan Premiums

Your plan's base premium may only be increased by a maximum of 6% each year from 2024 through 2029. A premium is the amount of money you pay for your insurance plan.



No More Coverage Gap

In 2025, the coverage gap phase will be eliminated. That means once you reach your out-of-pocket maximum, you won't have to pay out of pocket for covered Part D drugs for the rest of the year.

What is the coverage gap?

Through 2024, most Medicare Part D plans had a coverage gap phase. This phase, sometimes called the donut hole, was a temporary limit on what a Medicare Part D plan would cover. During this phase, patients were responsible for paying 25% of the cost of their prescription drugs until they reached their out-of-pocket coverage limit of \$8000.

What are the 3 phases of coverage?

Because the coverage gap is being eliminated, Medicare Part D will now have 3 coverage phases. You will pay a different amount for prescription drugs in each phase.

1

Deductible Period

You pay 100% of your deductible. The standard Medicare Part D deductible for 2025 is \$590.

2

Initial Coverage Period

You pay 25% of total drug costs until you reach the out-of-pocket maximum of \$2000.

3

Catastrophic Coverage Period

You pay no additional out-of-pocket costs for Medicare-covered Part D drugs for the rest of the plan year.

*This information is for general educational purposes only and does not constitute professional advice related to Medicare reimbursement and related matters. This information is subject to change. Not all drugs covered under Medicare are Part D drugs. The Medicare prescription payment plan may not apply if you are in a low-income subsidy plan or are dual eligible. Please visit Medicare.gov or contact your Medicare Part D plan sponsor for more information.

Medicare Prescription Payment Plan

Beginning in 2025, you may choose to pay out-of-pocket (OOP) drug costs in the form of monthly payments.

Here is an example of someone who is enrolled in the program compared to someone who is not:

Month	Patient A OOP Costs (Not Enrolled)	Patient B OOP Costs (Enrolled)
January	\$2000	\$167
February	\$0	\$167
March	\$0	\$167
April	\$0	\$167
May	\$0	\$167
June	\$0	\$167
July	\$0	\$167
August	\$0	\$167
September	\$0	\$167
October	\$0	\$167
November	\$0	\$167
December	\$0	\$167
Total	\$2000	\$2000

- If you enroll in the program, you will only get a monthly bill from your Part D plan. You will not have to pay anything out-of-pocket at the pharmacy
- Keep in mind, your plan premium is not included

How do I enroll?

Anyone with a Medicare Part D plan can enroll in the prescription payment plan. To enroll, contact your Medicare Part D plan sponsor. Your plan sponsor is the organization that provides your Medicare Part D prescription drug coverage. You may benefit most from this program if you:

- Opt into the program earlier in the plan year
- Have higher prescription costs

For more information about these changes or health coverage through Medicare, visit [CMS.gov](https://www.cms.gov).

