



2025 Medicare Part D and the Inflation Reduction Act

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Agenda



WHAT IS THE IRA?

A review of the Inflation Reduction Act and its impact to prescription drug coverage.



WHAT IS CHANGING FOR PART D NEXT YEAR?

An overview of how the IRA changes the Part D program in 2025, and its impact to members.



IS THE DONUT HOLE REALLY GONE?

An overview of what to expect when the donut hole is eliminated in 2025.



HOW MUCH WILL I PAY OUT-OF-POCKET?

An overview of the new cost cap on Part D prescription drugs that will begin in 2025.



WHAT IS THE MEDICARE PRESCRIPTION PAYMENT PLAN?

An overview of the new M3P program, who is eligible, and who is likely to benefit.



WHAT IS CHANGING FOR SOME DIALYSIS PATIENTS?

Beginning January 1, 2025, the federal government changes how certain drugs are covered.

What is the IRA?

The Inflation Reduction Act (IRA) is a new law that made many changes to Medicare, especially Part D, to help members save money on prescription drug costs.

Some changes began in 2023; other changes begin in later years.

IRA – What's Now and What's Coming

IRA Changes Currently in Place

Pay no more than \$35 for a month's supply of a covered insulin

Pay \$0 for recommended adult vaccines like RSV and shingles

Expanded eligibility for the low-income subsidy (Extra Help) program

IRA Changes Coming in 2025

Removal of the Donut Hole (also known as the coverage gap)

Paying no more than \$2,000 per year in out-of-pocket drug costs

Introduction of the Medicare Prescription Payment Plan (M3P)

What is the Donut Hole?

There are currently 4 phases of Medicare Part D coverage:

1. Deductible
 2. Initial Coverage
 3. Donut Hole
 4. Catastrophic
- You move through the phases throughout the plan year based on your covered prescription drug costs.
 - Not everyone moves to every phase.

DEDUCTIBLE

Until you meet your deductible, you pay the full cost for your prescription drugs. Deductibles can vary, and some plans have no deductible.



INITIAL COVERAGE PERIOD

After you pay your deductible (if you have one), your plan pays some of your drug costs, and you pay a copay or coinsurance.



DONUT HOLE (COVERAGE GAP)

If your total drug costs reach a certain amount, you start to pay a percentage of your drug's cost.



CATASTROPHIC PHASE

If you reach a certain amount in out-of-pocket costs, you no longer pay for your Part D drugs for the rest of the plan year.

Current Phases

Will the Donut Hole Really Be Gone?

- Yes!
- In 2025, there will be 3 phases of Medicare Part D coverage:
 1. Deductible
 2. Initial Coverage
 3. Catastrophic
- You still move through the phases throughout the plan year based on your covered prescription drug costs.

2025 Phases

DEDUCTIBLE

Until you meet your deductible, you pay the full cost for your prescription drugs. Deductibles can vary, and some plans have no deductible.



INITIAL COVERAGE PERIOD

After you pay your deductible (if you have one), your plan pays some of your drug costs, and you pay a copay or coinsurance.



CATASTROPHIC PHASE

If you reach a certain amount in out-of-pocket costs, you no longer pay for your Part D drugs for the rest of the plan year.

The NEW Out-of-Pocket Cost Cap

- In 2025, you can never pay more than \$2,000 out-of-pocket for your Part D prescription drug costs.
- This is due to the IRA's new Maximum Out-of-Pocket (MOOP) limit.
- Once you reach the new \$2,000 limit, you move to the catastrophic phase and no longer pay for your Part D drugs for the rest of the year.
- The new cap is most meaningful for those who take higher cost brand-name or specialty drugs like those for cancer and rheumatoid arthritis.

Medicare Prescription Payment Plan (M3P)

- The M3P is a new way to pay for your prescription drugs.
- With the M3P, you spread your prescription drug costs out over the year instead of paying them up-front at the pharmacy.
- It does not lower your drug costs.
- You'll get a monthly bill for your drug costs. The bill will not exactly match your copay or coinsurance.
 - This bill is separate from your premium (if you have one).
- Anyone with a Medicare Part D plan can sign up for the M3P.

Medicare Prescription Payment Plan (M3P)

All plans have this payment option and participation is voluntary.

- Follow your plan's M3P enrollment process.
- M3P enrollment is separate from plan enrollment.

Not all members are likely to benefit from the M3P.

- M3P does not lower your prescription drug costs, it just spreads them out.
- The most likely to benefit are those with persistently high prescription drug costs throughout the year.

M3P Considerations

ü Spread out drug costs over the plan year instead of paying all at once at the pharmacy.

ü Pay \$0 at the pharmacy for your prescription drugs and get a monthly bill for the costs.



ü May pay higher costs later in year as drug costs are added and there are less months to spread out payments.

ü May not know your cost-share responsibility at the pharmacy, causing unexpected, higher costs when the bill comes.

Members NOT Likely to Benefit

The new payment option may not be the best choice for you if:

- Your yearly prescription drug costs are low.
- Your drug costs are the same each month.
- You are signing up later in the year (after September)
- You don't want to change how you pay for your drugs.
- You get or are eligible for Extra Help from Medicare.
- You get help paying for your drugs from other organizations

What if I need help lowering
my out-of-pocket costs?

Low Income Subsidy (Extra Help) Expansion

You may be eligible for the Extra Help program or other savings programs.

- Some people likely to benefit from the M3P payment option may benefit more from Extra Help.
- Extra Help is a Medicare program to help people with limited income and resources pay for their Part D drugs, premiums, and deductibles.
- In 2024, the IRA expanded eligibility for the Extra Help program, allowing more people to receive the benefits.
- Some people qualify for Extra Help automatically, and other people must apply.

Low Income Subsidy (Extra Help) Expansion

- You can go to the [Medicare.gov](https://www.Medicare.gov) website to learn more and apply for Extra Help.
- Those who qualify for Extra Help will pay:
 - No deductibles
 - No premiums for Part D drug plans
 - Low copays for generics or brands
 - No Part D late enrollment penalty

What Other Changes Could You See?

- The IRA shifts the liability of prescription drug costs for all people, including members, the Part D plan, and the federal government.
 - Most of the liability shifts to Medicare Part D health plans.
- Plans leaving markets, removing products, altering agent support
- Because of these shifts, health plans will need to find ways to continue providing affordable and sustainable plans such as:
 - Moving drugs to higher tiers
 - Adding prior authorization to drugs to ensure members get the right drug at the right time for the right price
 - Reevaluate supplemental benefits

New Medicare Law Change for Dialysis Patients

- Beginning January 1, 2025, Medicare law no longer allows phosphate binders to be covered under the Medicare Part D benefit.
- These drugs are used for people with end stage kidney disease who are using dialysis.
 - Because of this, they will be covered through a payment made to the dialysis facility.
- Drugs include calcium acetate, lanthanum carbonate, sevelamer, Xphozah, Velporo, and Auryxia
- Members on dialysis will need to work with their dialysis providers to continue treatment with these drugs.
- Members not on dialysis will be responsible for the full cost of the medication.

Thank you!



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