



MedicareAdvocacy.org

Understanding the Changes in Medicare Part D for 2025

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MedicareAdvocacy.org

The Center for Medicare Advocacy is a non-profit, non-partisan law organization founded in 1986 that works to advance health equity, access to comprehensive Medicare, and quality health care. Based in CT and Washington, DC, with additional attorneys in CA, MA, NJ.

- Attorneys, advocates, communication and technical experts
- Education, legal analysis, writing, assistance, and advocacy
- Systemic change – Policy and Litigation
 - Based on our experience with the problems of real people
- Medicare coverage and appeals expertise
- Medicare/Medicaid Third Party Liability Projects

PAN's mission and vision

Our mission

To accelerate access to affordable, equitable healthcare through financial assistance, advocacy, and education.

Our vision

We envision a future where equitable, accessible healthcare is a reality for all.



Agenda

- I. Overview of Part D and Changes Due to Inflation Reduction Act (IRA)
- II. Out-of-Pocket Cap and Medicare Prescription Payment Plan
- III. Other Cost-Containment Efforts
 - I. Rx Negotiation
 - II. Premiums
- IV. Assistance with Rx Costs

Part 1 - Overview

Prescription Drug Coverage in Medicare

- **Part A** – Hospital, Skilled Nursing Facility, Home Health (limited), Hospice (palliative)
- **Part B** – Drugs usually not self-administered
- **Part C** – Medicare Advantage (MA) program
 - Part A and B covered drugs
 - **Part D coverage** (MA plans with Part D drug coverage = MA-PDs)
- **Part D** – Prescription Drug Program
 - PDP – Stand-Alone Prescription Drug Plans

History of Part D

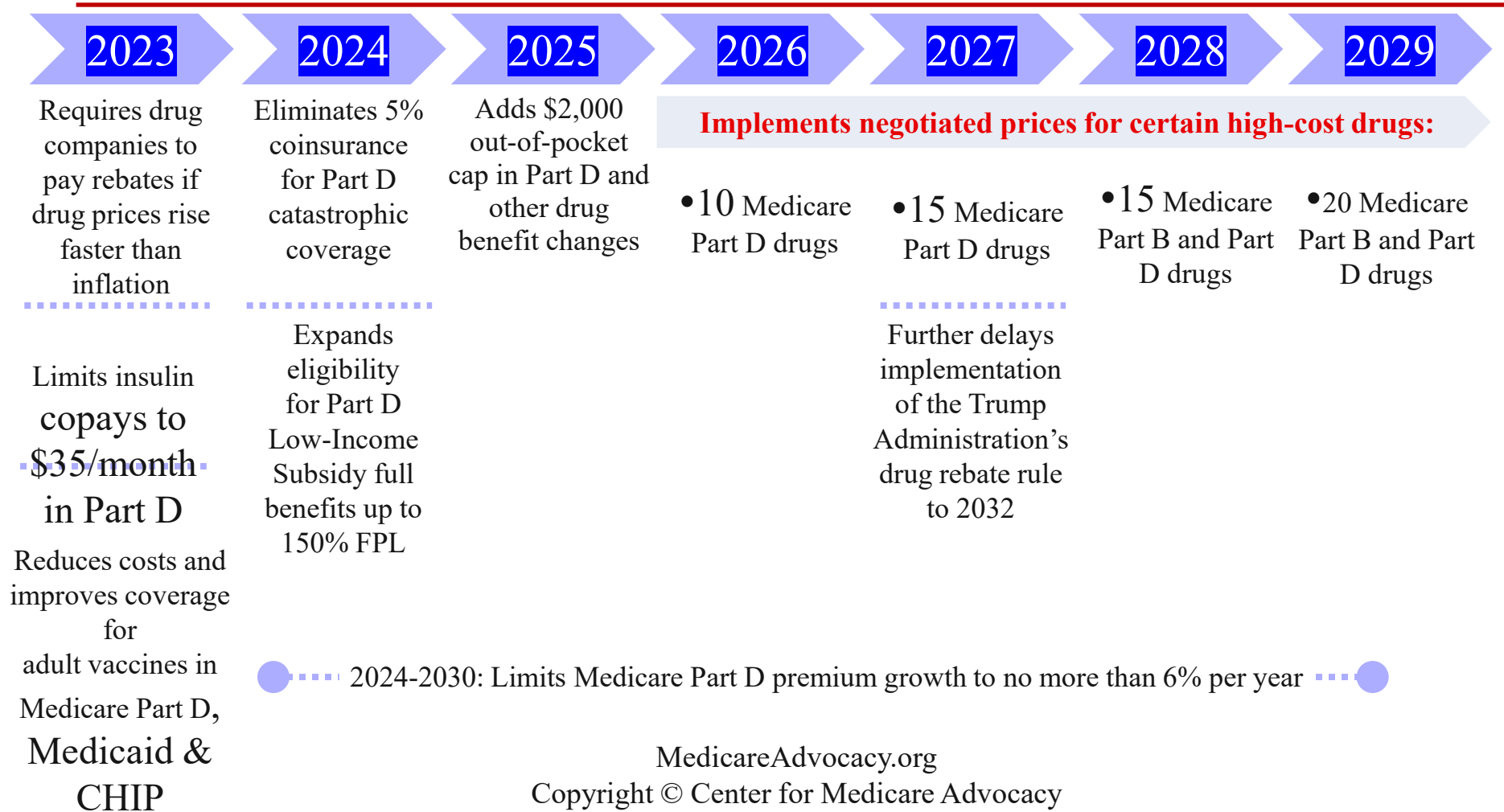
- **Medicare Modernization Act of 2003 (MMA)** – created Part D program, effective 2006
 - Included “donut hole” and 5% cost-sharing in catastrophic coverage phase
- **Affordable Care Act of 2010 (ACA)** – provided for gradual phasing down of “donut hole” by 2020
- **Bipartisan Budget Act of 2018** – accelerated closure of donut hole by one year (2019)
 - Note that prior to 2025, still a phase of coverage known as “coverage gap”
- **Inflation Reduction Act of 2022 (IRA)**

Inflation Reduction Act of 2022 (IRA)

- Allows Medicare to **negotiate with drug manufacturers** for the price of some Part D and Part B drugs (starting in 2026);
- **Caps beneficiary out-of-pocket Part D drugs costs at \$2,000** per year (starting in 2025 – also allows spreading of costs over course of the year); in 2024, the 5% coinsurance for Part D catastrophic coverage was eliminated);
- Imposes **checks on the annual rise in costs of drugs and Part D premiums** (limitations on drug prices starting in 2023, and limitations on Part D premiums starting in 2024);
- **Limits monthly out-of-pocket copays for insulin to \$35** (starting in 2023);
- **Eliminates cost-sharing for adult vaccines** covered under Part D (2023) and
- **Expands access to the Part D low-income subsidy (“Extra Help”)** (starting in 2024) – full LIS up to 150% FPL with higher resource limits

IMPLEMENTATION TIMELINE OF THE PRESCRIPTION DRUG PROVISIONS IN THE INFLATION REDUCTION ACT

SOURCE: KAISER FAMILY FOUNDATION



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IRA Provisions Effective 2023 re: Insulin Coverage and Vaccines

- **Limits copayments to \$35 per month** per prescription for **covered insulin** products in **Medicare Part D** plans starting January 1, 2023 (with no deductible) and July 1, 2023 for insulin furnished through durable medical equipment under Medicare Part B (such as insulin pumps)
 - Part D plans do not have to cover all insulin products at this copay level, only those insulin products that are on the plan's formulary
- **Eliminated cost-sharing for adult vaccines covered under Part D** (even if haven't met the deductible) – examples: shingles vaccine, Tetanus-Diphtheria-Whooping Cough vaccines

Standard Part D Benefit - 2025

Coverage Phase	Beneficiary Costs
Annual Deductible	\$590
Initial Coverage Limit	25% of costs up to \$2,000 (including deductible)
Catastrophic Coverage	\$0

- Note that non-standard plans (enhanced plans) can reduce or eliminate the deductible and/or cost-sharing for covered Part D drugs

Part 2 – Out-of-Pocket Cap and Medicare Prescription Payment Plan

Timeline for Medicare reforms



2023

1. Vaccines without co-pays
2. Insulin co-pays limited to \$35/month



2024

1. Giving more people “Extra Help”
2. Elimination of 5% coinsurance for catastrophic phase



2025

1. A \$2,000 annual cap on prescription costs
2. Optional Medicare Prescription Payment Plan to spread out total annual costs

Two Medicare reforms – January 1, 2025

- Medicare Part D Cap
- Medicare Prescription Payment Plan

Medicare Part D cap



Overview of the \$2,000 annual Medicare Part D cap beginning January 1, 2025



What drugs are covered under the Medicare Part D cap?



Who will the Medicare Part D cap help?



What do patients need to do to benefit from the Medicare Part D cap?



How will patients pay for their prescription medications?

Medicare Prescription Payment Plan



What is the Medicare Prescription Payment Plan & who will benefit?



How can patients opt-in to this voluntary program?



What will patients' costs look like month to month?



How will patients pay for their prescription medications? What if payments are missed?



Can patients leave the program if they decide they no longer want to participate?

Medicare Part D cap and MPPP quick overview

	Medicare Part D cap	Medicare Prescription Payment Plan
Does this reform lower my prescription medication costs?	Yes, it limits the amount you will pay out-of-pocket to \$2,000 per year*	No, it does not lower your costs but lets you spread your out-of-pocket drug payments throughout the calendar year
Who is eligible?	Anyone with Part D plans through traditional Medicare and Medicare Advantage	Anyone enrolled in a Part D plan is eligible, but the program is most beneficial to those with high out-of-pocket drug costs
What do patients need to do to benefit?	Nothing, the cap is automatic	This is a voluntary program that you must opt-in to through your Medicare Part D plan
How will I pay for my prescription medications?	You will continue to pay through your pharmacy when you pick up your prescription medications	Each month, your plan will send you a bill with the amount you owe, when payment is due, and how to make a payment

Medicare reforms national poll

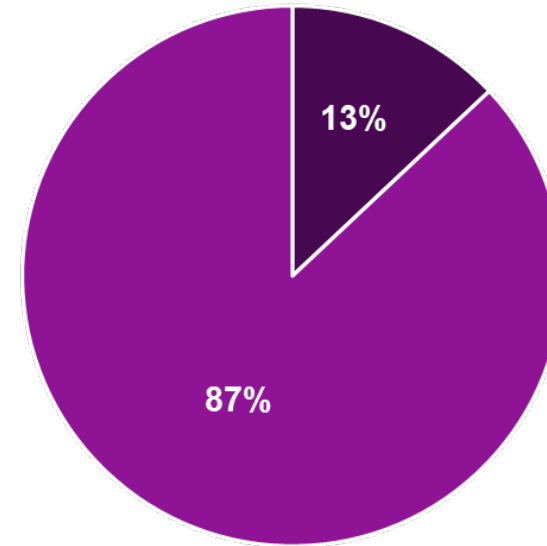
- A national Medicare Reforms Awareness Survey was conducted in June 2024.
- The online survey reached more than 1,000 U.S. adults 18-years-old and older who are currently enrolled in Medicare or Medicare Advantage.
- Full results will be released in October 2024.
- A follow-up survey is slated for early 2025 to measure change in awareness following educational efforts.



Medicare reforms national poll key findings

There is little awareness or understanding of the upcoming Medicare Part D reforms.

- The majority of Medicare beneficiaries (87%) have not seen, read, or heard anything about the upcoming Medicare Part D reforms.
 - 60% have never heard of the Medicare Part D cap
 - 73% have never heard of the Medicare Prescription Payment Plan



Most Medicare beneficiaries (87%) have not seen, read, or heard anything about the upcoming Medicare Part D reforms.

PAN's national Medicare reform poll

A quarter of Medicare beneficiaries have had to take some action in the past year to afford their current prescription medications.

- A quarter of Medicare beneficiaries currently taking prescription medications (25%) have had to take some action(s) in the past 12 months such as shopping around to find lower prices (9%), asking their HCP to prescribe a more affordable prescription (8%), or delaying filling a prescription (8%) to afford their medication(s).
- In the past 12 months, one in five (21%) have had to take some financial action(s) to afford their needed prescription medication(s), such as reducing spending in other areas of their budget (10%), taking on credit card debt (7%), or exploring discount saving apps (7%).

The majority of Medicare beneficiaries have not seen, read, or heard anything about the upcoming 2025 Medicare reforms.

- The majority of Medicare beneficiaries (87%) have not seen, read, or heard anything about the 2025 Medicare reforms. Even among the 13% who have, strength of familiarity is low.
- Nearly three in ten Medicare beneficiaries (29%) are worried about their healthcare plan restricting access to needed prescription medications in the next 2 years as a result of the upcoming Medicare reforms.

Medicare Part D Cap

Awareness of the Medicare Part D Cap is low among beneficiaries, with many not understanding basic facts about the reform.

- Very few Medicare beneficiaries (11%) report unaided awareness of the upcoming Medicare Part D cap, and 60% still have never heard of it, even after being provided with a description of this reform.
- Over a third of Medicare beneficiaries who have heard of the Medicare Part D cap (37%) do not feel that they understand the Medicare Part D cap well, with only 13% saying they understand it very well.
- Over half of Medicare beneficiaries (55%) think the Medicare part D cap reform will be helpful to them personally – especially those with a disability (62%) or beneficiaries of color (67%).

Medicare Prescription Payment Plan

Awareness of the Medicare Prescription Payment Plan is also quite low

- Most Medicare beneficiaries (92%) have not seen, read, or heard anything about the upcoming Medicare Prescription Payment Plan (PPP), and 73% still have never heard of it, even after being provided with a description of this reform.
- Over a third of Medicare beneficiaries who have heard of the Medicare PPP (36%) do not feel that they understand the Medicare PPP well, with only 7% saying they understand it very well.
- Half of Medicare beneficiaries (50%) think the Medicare PPP reform will be helpful to them personally.
- When asked which program those eligible for LIS thought would be more helpful to them, just under half (45%) selected the LIS program, while nearly one in five (18%) selected the Medicare PPP. The remaining third (37%) are unsure.
- Only around a third of Medicare beneficiaries who currently take prescription medications (34%) are likely to enroll in the Medicare PPP, with only 7% saying they are very likely.

Medicare reforms poll: takeaways

There is an information gap: while awareness is lacking for the majority of Medicare beneficiaries, once provided with information about the upcoming Medicare reforms, beneficiaries believe these programs will benefit them.

- Nearly three in four Medicare beneficiaries (73%) would be interested in learning more about these upcoming reforms
- Medicare beneficiaries have greater awareness of the Medicare Part D Cap than the Prescription Payment plan, suggesting that more education about the latter is especially needed.
- There is an opportunity for healthcare providers, patient organizations and organizations focused on Medicare and the aging population to play a role in educating beneficiaries about these reforms.
- Beneficiaries eligible for LIS may require some particular guidance on which program (either LIS or MPPP) is more helpful for them.

Medicare reforms campaign and resources

PAN's Medicare reforms national campaign

This campaign, launching in October 2024, will educate patients and healthcare professionals about:

- Medicare Part D cap
 - Medicare Prescription Payment Plan
- **Resources:** Updated Medicare reforms website hub (panfoundation.org/reforms), educational booklets, and animated video explainers—all in English and Spanish.
 - **National radio media tour:** PAN's Chief Mission Officer, Amy Niles, will participate in a national radio media tour where she will conduct live and taped radio interviews talking about the Medicare reforms. PAN will also have a Spanish-language audio news releases.
 - **Educational webinars:** PAN will be participating in educational webinars with patient advocacy groups as well as hosting our own educational webinar in November 2024.



Resources

- Visit [Medicare.gov](https://www.Medicare.gov) or call 1-800-MEDICARE (1-800-633-4227). TTY users: 1-877-486-2048.
- Visit the PAN Foundation's Medicare reforms education hub at panfoundation.org/reforms.
- Contact your local [State Health Insurance Assistance Program](https://www.shiphelp.org) to receive free, personalized health insurance counseling. Learn more at [shiphelp.org](https://www.shiphelp.org).
- You can enroll in the Extra Help program through the Social Security Administration online at [ssa.gov/ExtraHelp](https://www.ssa.gov/ExtraHelp) or by phone at 1-800-772-1213.

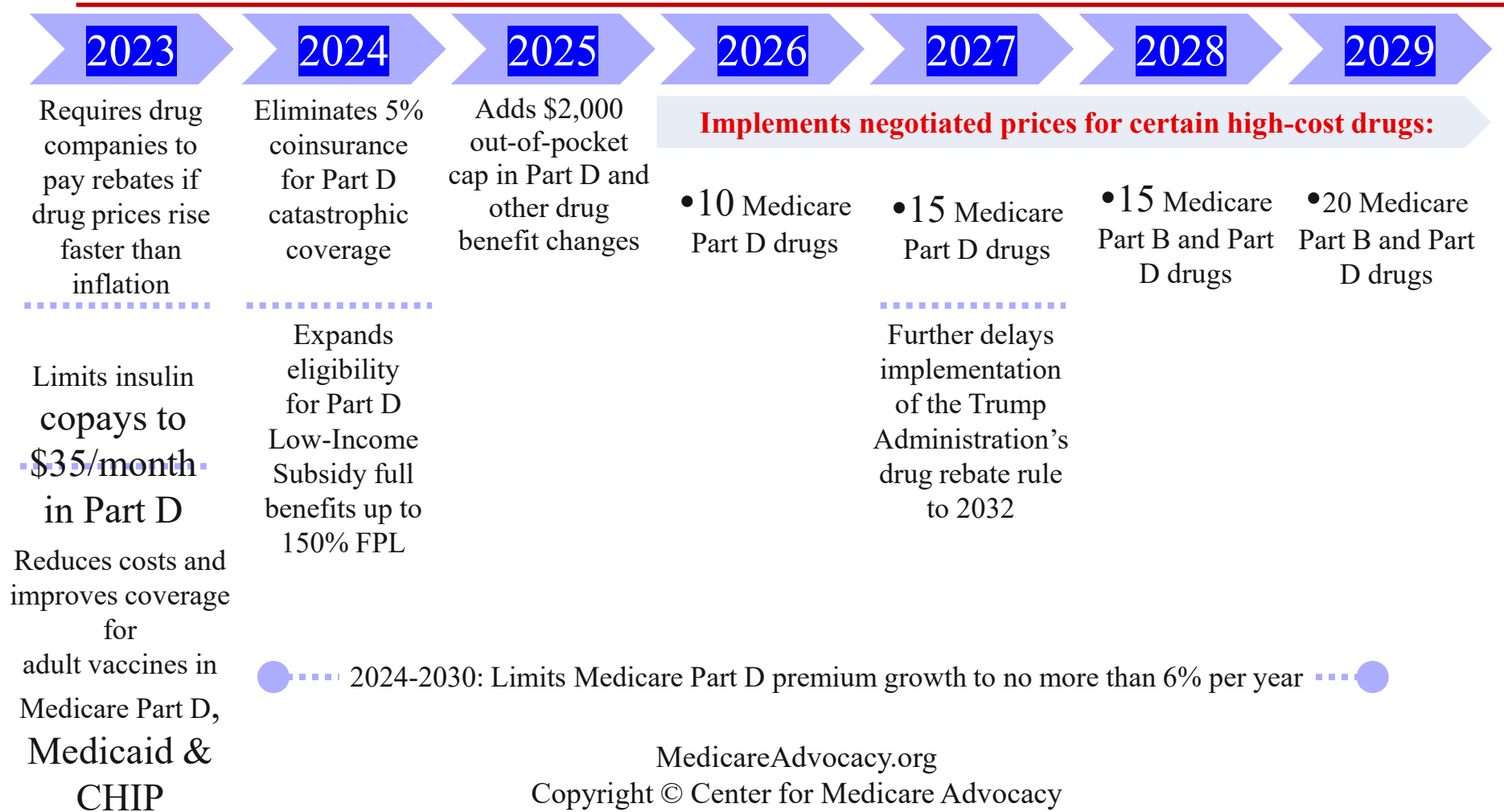
Part 3 – Other Cost Containment Efforts (Premiums, Rx Negotiation)

Drug Price Negotiation

- IRA gave the Secretary of Health & Human Services (HHS) authority to negotiate the costs of *certain* Medicare covered drugs
 - Single source brand-name drugs or biological products without therapeutically-equivalent generic or biosimilar alternatives; drug product must be at least 7 years (for small-molecule drugs) or 11 years (for biologics) past its FDA approval or licensure date
- First 10 drugs negotiated by Medicare were selected in 2023 with negotiated prices effective 2026 (see below)
- The drug price negotiation process will continue in future years, with an additional 15 drugs in 2027, another 15 drugs in 2028, and an additional 20 drugs each year thereafter.
- Negotiated prices for certain Part B drugs effective 2028
- Courts continue to reject litigation challenging the Secretary's authority to negotiate drug prices

IMPLEMENTATION TIMELINE OF THE PRESCRIPTION DRUG PROVISIONS IN THE INFLATION REDUCTION ACT

SOURCE: KAISER FAMILY FOUNDATION



First 10 Drugs

- Negotiated prices for first 10 drugs (effective 2026) announced Aug. 15, 2024; see CMS [Negotiated Prices Fact Sheet](#); also see [Plain Language Infographic](#)
- According to [HHS](#), the negotiated prices on these drugs range from 38 to 79% discounts off of list prices, with projected savings to the Medicare program of \$6 billion in 2026, plus \$1.5 billion in out-of-pocket cost savings for beneficiaries in 2026.

Other Cost-Saving Provisions

- Requires drug companies to pay **rebates** to the Medicare program if drug prices rise faster than inflation
 - Applies to certain drugs and biologicals covered under Part B and D
- IRA Imposes **checks on the annual rise in Part D premiums** (“premium stabilization”)
 - Annual growth in Part D plan premiums are limited to no more than 6 percent between 2024 and 2030 (as discussed below)

Part D Premiums

- Part D premiums
 - Weighted average 2024 stand-alone PDP premium is \$43 (see [KFF](#))
 - Medicare Advantage – most MA-PDs enrollees are in \$0 premium plans (MA plans use rebates to buy down the Part D premium)
 - Higher income enrollees pay a Part D Income-Related Monthly Adjustment Amount (IRMAA) (2024 income \$103,000/individual, \$206,000 if married, filing jointly)
- Late enrollment penalty if no “creditable coverage” (see below) for a period of 63 or more days in a row when on Medicare Part A and/or B
 - Penalty is 1% of national base premium (\$36.78 in 2025) times the number of full, uncovered months without Part D or creditable coverage

Premium Stabilization

- Because IRA provisions increase costs for Part D plans (while lowering them for beneficiaries), concerns over increased premiums in 2025
- Provision of the IRA caps growth in the base beneficiary premium to 6% above the previous year's amount
 - BUT that doesn't apply to individual premiums that plans charge
 - Only counts “basic” benefit (not “enhanced” portion)
 - Applies across PDPs and MA-PDs – MA plans have significant funds to use to lower or eliminate Part D premiums)
 - Actual increases in premiums could be more than 6%

Premium Demonstration

- Based on submitted bids for 2025 (showing more variation among PDPs than MA-PDs) CMS announced the voluntary [Part D Premium Stabilization Demonstration](#) for PDPs in July 2024
- For PDPs that choose to participate
 - Limits total Part D premium increases to \$35 between 2024 and 2025
 - Enhanced protections for risk of losses by plans

Note re: Part D Creditable Coverage

- [Creditable coverage](#) is drug coverage that is “as good as or better than” the Part D benefit
 - Federal and State employee’s insurance, most Employer Group Health plans and COBRA are all examples of creditable coverage for Part D
- **WARNING:** Enrollment in a Part D plan **may** result in loss of creditable coverage with other health insurance; may not be able to get back coverage once lost; and could also affect any dependents covered by the policy
- Employers, unions and other insurers, such as Veterans Administration (VA) and Tri Care for Life **must send annual “notice of creditable coverage” by October 15 each year** to Medicare beneficiaries (and upon request)
- **Question:** will less non-Medicare drug coverage be considered “creditable” now that costs are capped at \$2,000?

General Advice for Annual Enrollment Period

- Compare plans and enroll on-line using CMS “Plan Finder” tool at Medicare.gov to compare formularies/restrictions
- Contact a State Health Insurance Assistance Program (SHIP) For expert, unbiased advice and assistance
 - [Home | State Health Insurance Assistance Programs \(shiphelp.org\)](http://shiphelp.org)
- Call 1(800) MEDICARE (800-633-4227)
- Current plan members receive an “Annual Notice of Change” (ANOC) from their plan each fall
 - ANOC explains how the plan will change next year If member does nothing, enrollment will “roll over” into the next calendar year
- **Never** shop by premium alone, consider total costs and coverage

Additional Resources

- CMS
 - <https://www.cms.gov/inflation-reduction-act-and-medicare>
 - <https://www.cms.gov/inflation-reduction-act-and-medicare/part-d-improvements>
- HHS:
 - <https://www.hhs.gov/inflation-reduction-act/index.html>
- Kaiser Family Foundation (KFF):
 - <https://www.kff.org/medicare/>

Part 4 – Assistance with Drug Costs

Finding financial assistance

Financial resources for prescription medications

Resource	Description
Pharmaceutical manufacturer assistance programs	<p>Many pharmaceutical manufacturers offer patient assistance programs (PAPs) that provide financial assistance or free drug products to those who are uninsured or commercially insured who meet their income eligibility guidelines.</p> <p>However, apart from a few exceptions, pharmaceutical manufacturers are unable to provide direct support to patients enrolled in federally-funded insurance programs, such as Medicare, due to federal regulations.</p>
Extra Help for Medicare patients	<p>The Extra Help Program—also commonly referred to as the Low-Income Subsidy Program—is a federal program available to people enrolled in Medicare that helps pay for out-of-pocket drug costs. To qualify for the program, you must have limited income and resources.</p> <p>Visit Medicare.gov/basics/costs/help/drug-costs. The PAN Foundation also offers an online educational resource to better understand the program at panfoundation.org/extrahelp.</p>
Charitable patient assistance foundations	<p>Charitable patient assistance foundations, like the PAN Foundation, are independent national organizations that provide financial assistance to eligible patients to help cover out-of-pocket costs for prescription medications. Some foundations also provide premium assistance and other forms of financial assistance.</p> <p>Visit panfoundation.org to learn about the PAN Foundation's 80+ financial assistance funds for life-threatening, chronic, and rare diseases.</p>
FundFinder web application	<p>FundFinder, a free web application from the PAN Foundation, helps you find financial assistance for out-of-pocket prescription costs from more than 200 programs offered by nine charitable foundations and national health organizations. This web application offers the ability to sign up for text or email alerts when financial assistance becomes available.</p> <p>Visit fundfinder.org to register for this free resource.</p>

Continued: Financial resources for prescription medications

Resource	Description
State pharmaceutical assistance programs	<p>State Pharmaceutical Assistance Programs (SPAPs) are state-run programs that assist low-income senior and adults with disabilities in paying for their prescription medications. SPAP coverage varies by state, but the programs generally provide Part D “wraparound” coverage, meaning they pay costs that Medicare Part D does not pay.</p> <p>Visit go.medicare.gov/spap.</p>
Medicare Savings Program	<p>Savings Programs (MSPs) are state-run programs that help people with limited income and resources pay some or all their Medicare Part A (hospital insurance) and Part B (medical insurance) premiums, deductibles, and coinsurance.</p> <p>Visit medicare.gov/basics/costs/help/medicare-savings-programs.</p>
AIDS Drug Assistance Program	<p>Under the Ryan White HIV/AIDS Program Part B, the AIDS Drug Assistance Program (ADAP) provides FDA-approved medications to low-income people with HIV who have limited or no health insurance.</p> <p>Visit ryanwhite.hrsa.gov/about/parts-and-initiatives/part-b-adap.</p>

Financial assistance from the PAN Foundation

The PAN Foundation's financial assistance programs

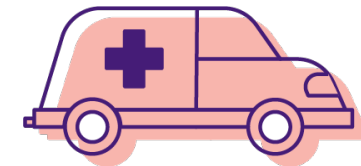
We provide three types of funding, spanning a portfolio of more than 80 life-threatening, chronic, and rare diseases.



Medication co-pays,
deductibles, and coinsurance



Health insurance
premiums



Transportation
costs associated
with treatment

Covered disease states

Chronic	Chronic	Rare	Oncology
<p>Autoimmune diseases Ankylosing spondylitis Plaque psoriasis Psoriatic arthritis Rheumatoid arthritis Systemic lupus erythematosus</p> <p>Behavioral health Bipolar disorder Schizophrenia</p> <p>Blood disorders Diabetic foot ulcers Hypercholesterolemia Hyperkalemia Immune thrombocytopenic purpura Myelodysplastic syndromes Neutropenia Venous leg ulcers</p> <p>Endocrine disorders Type 2 Diabetes</p> <p>Eye diseases Macular diseases Retinal vein occlusion</p> <p>Gastrointestinal diseases Inflammatory bowel disease</p> <p>Heart diseases Heart failure</p>	<p>Infectious diseases Hepatitis C HIV treatment and prevention</p> <p>Integumentary diseases Atopic dermatitis</p> <p>Lung diseases Asthma Pulmonary hypertension</p> <p>Musculoskeletal diseases Post-menopausal osteoporosis</p> <p>Neurologic disorders Multiple sclerosis Parkinson's disease</p> <p style="text-align: center;">Rare</p> <p>Autoimmune diseases Graft versus host disease Myasthenia gravis Paroxysmal nocturnal hemoglobinuria Pemphigus vulgaris</p> <p>Blood disorders Hemophilia* Hemolytic uremic syndrome* Sickle cell disease Von Willebrand disease</p>	<p>Endocrine disorders Acromegaly Cushing's disease or syndrome</p> <p>Eye diseases Inherited retinal disease* Neurotrophic keratitis Uveitis</p> <p>Gastrointestinal diseases Short bowel syndrome*</p> <p>Hepatic Lysosomal acid lipase deficiency*</p> <p>Metabolic disorders Amyloidosis Fabry disease* Gaucher disease Long-chain fatty acid oxidation disorders Pompe disease*</p> <p>Neurologic disorders Duchenne muscular dystrophy Neuromyelitis optica spectrum disorder Neurofibromatosis Rett syndrome Spinal muscular atrophy</p>	<p>Acute myeloid leukemia Basal cell carcinoma Biliary tract cancer Bladder cancer Chronic lymphocytic leukemia Colorectal cancer Follicular lymphoma Gastrointestinal stromal tumors Glioblastoma multiforme Liver cancer Mantle cell lymphoma Melanoma Metastatic breast cancer Multiple myeloma Non-Hodgkin's lymphoma Non-small cell lung cancer Ovarian cancer Pancreatic cancer Philadelphia chromosome Negative myeloproliferative neoplasms Prostate cancer Renal cell carcinoma Small cell lung cancer Waldenstrom macroglobulinemia</p> <p>* Premium fund also available</p>

Find financial assistance with FundFinder

In 2018, the PAN Foundation developed the first free web-based app to instantly alert patients and healthcare professionals about available assistance programs and corresponding support organizations, for fast and easy patient support.

FundFinder tracks the status of 200+ financial assistance programs from nine charitable foundations.

Users can sign up to be notified by text or email when a financial assistance program becomes available.

Sign up at FundFinder.org



100,000+

Users and growing

Over 50%

Of users are patients

200+

Assistance programs
in one place

130+

Advocacy and patient
support organizations listed





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