

# The Medicare Prescription Payment Plan

can make drug costs more predictable for your Part D patients

The Inflation Reduction Act (IRA) will help Medicare Part D patients manage their out-of-pocket (OOP) drug costs beginning in 2025

- A **\$2,000 cap** is set on total annual OOP drug spending for Part D beneficiaries<sup>1</sup>
- The Medicare Prescription Payment Plan lets Part D beneficiaries spread out their OOP drug costs into **monthly payments throughout the year**<sup>2</sup>

## Key things to know about the Medicare Prescription Payment Plan<sup>2</sup>



It **does not cost anything to participate** in the payment plan\*



Beneficiaries must **opt in** to the payment plan **during the Medicare open enrollment period or at any point throughout the year**



Once enrolled, participants **pay \$0** to the pharmacy



Instead, participants pay OOP prescription drug costs to their Part D plan in **monthly payments over the year**<sup>†</sup>

**\$0**  
Fees

If a payment is late, participants will not pay interest or fees. Instead, they **will have a grace period of at least 2 months** to pay<sup>‡</sup>

**Part D plans are required to notify beneficiaries if they are likely to benefit from opting in to the Medicare Prescription Payment Plan both before and during the plan year<sup>3§</sup>**

The Medicare Prescription Payment Plan is a government program administered by the Centers for Medicare & Medicaid Services (CMS), and is not a benefit offered by Regeneron. This information is being provided for educational purposes only and is subject to change. Additional information on this program is available at **Medicare.gov**.

<sup>1</sup>All Medicare Part D plans (standalone Medicare drug plans and Medicare Advantage plans with drug coverage) must make the Medicare Prescription Payment Plan available to all beneficiaries.<sup>2</sup> The Medicare Prescription Payment Plan has no practical application for PACE participants or for beneficiaries in plans that charge \$0 cost sharing for covered prescription drugs.<sup>3</sup>

<sup>†</sup>Participants continue to pay their plan premium, if they have one.

<sup>‡</sup>Participants will be terminated from the Medicare Prescription Payment Plan if they fail to pay their prescription bills; however, they will be allowed back into the payment plan if they show good cause for failure to pay.<sup>2</sup>

<sup>§</sup>Notification of likely to benefit is based on prescription costs incurred throughout the prior year or during the current plan year.<sup>3</sup>

PACE=Program of All-Inclusive Care for the Elderly.

# How the Medicare Prescription Payment Plan can make drug costs more predictable for your Part D patients

## Hypothetical scenario\*

A Medicare Part D beneficiary is taking a covered specialty medication with an annual list price of \$50,000.<sup>†</sup> Below are 2 examples of what monthly OOP drug costs would look like for a beneficiary who is prescribed the specialty medication in 2025. Each example includes 2 cost options that are based on whether the beneficiary does not or does opt in to the payment plan.

### Example 1: Monthly OOP cost options in 2025 when the specialty medication prescription is filled in January

	Beneficiary's monthly OOP cost												Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beneficiary <b>does not</b> opt in to the payment plan <sup>‡</sup>	\$1,500	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000
Beneficiary <b>does</b> opt in to the payment plan in January <sup>§</sup>	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$2,000

### Example 2: Monthly OOP cost options in 2025 when the specialty medication prescription is filled in July, and additional monthly prescription drug spend is incurred in the months leading up to July

	Beneficiary's monthly OOP cost												Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beneficiary <b>does not</b> opt in to the payment plan <sup>‡</sup>	\$500	\$190	\$125	\$125	\$125	\$125	\$810	\$0	\$0	\$0	\$0	\$0	\$2,000
Beneficiary <b>does</b> opt in to the payment plan in January <sup>§</sup>	\$500	\$190	\$125	\$125	\$125	\$125	\$135	\$135	\$135	\$135	\$135	\$135	\$2,000

A beneficiary's monthly OOP cost is based on what they owe for any covered prescriptions they fill, including any unpaid amounts from previous months, divided by the number of months remaining in the year. As such, the monthly bill may vary month to month.

3.2 million Medicare beneficiaries are likely to benefit from the Medicare Prescription Payment Plan<sup>4||</sup>

\*This hypothetical scenario is for illustrative purposes only and does not reflect monthly costs for all Part D enrollees.  
<sup>†</sup>Calculation for specialty medication: \$50,000/12=\$4,167 monthly incurred cost. (\$4,167-\$590 deductible=\$3,577) x 0.25 (example cost sharing)=\$894. \$894+\$590=\$1,484. Calculations are approximate.  
<sup>‡</sup>Monthly OOP costs are derived from the beneficiary's cost-sharing portion with a \$2,000 total spending cap, which is paid up front.  
<sup>§</sup>Monthly OOP costs are derived from the beneficiary's cost-sharing portion with a \$2,000 total spending cap, but are spread out in lower monthly payments.  
<sup>||</sup>3.2 million is based on the CMS estimate of 6% of Medicare beneficiaries "likely to benefit," defined as any Part D beneficiary with a single \$600 or higher eligible prescription at the POS.<sup>4</sup>  
POS=point of sale.  
**References:** 1. Cubanski J, Neuman T. Changes to Medicare Part D in 2024 and 2025 under the Inflation Reduction Act and how enrollees will benefit. Kaiser Family Foundation. April 20, 2023. Accessed August 14, 2024. <https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflation-reduction-act-and-how-enrollees-will-benefit> 2. Centers for Medicare & Medicaid Services. Medicare Prescription Payment Plan: final part one guidance. February 29, 2024. Accessed August 14, 2024. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-one-guidance.pdf> 3. Centers for Medicare & Medicaid Services. Medicare Prescription Payment Plan: final part two guidance. July 16, 2024. Accessed August 14, 2024. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-two-guidance.pdf> 4. Juhanson M. The Medicare Prescription Payment Plan: considerations for upcoming M3P compliance. Pharmaceuticals Strategy Group. June 26, 2024. Accessed August 14, 2024. <https://www.psgconsults.com/blog/considerations-for-m3p-compliance/>

