

Overview of 2025 Medicare Part D Drug Coverage

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Medicare Part D Drug Coverage—2025 Benefits Summary

Under Medicare Part D, brand-name drug coverage is now based on 3 phases^{1,2}

Phase 1

Deductible

The amount paid by the patient before the plan begins to pay its share of covered drugs. Some plans have no deductible

Phase 2

Initial coverage

The cost of drugs is divided between the patient, manufacturer, and plan. In this phase, the patient pays 25% of the cost for each drug

Phase 3

Catastrophic coverage

Patients are not responsible for any drug costs

The 2025 out-of-pocket (OOP) threshold¹

Starting January 1, 2025, the OOP patient responsibility is capped at **\$2,000**, which is a reduction from the 2024 responsibility of approximately **\$3,300**. This \$2,000 cap also includes the deductible, providing patients with a lower cost burden compared to previous years.

The Medicare Prescription Payment Plan (MPPP)³⁻⁵

Starting January 1, 2025, MPPP requires that all Part D plans, including Medicare Advantage plans offering a Part D benefit, provide patients the option to distribute OOP costs over the calendar year instead of being paid upfront at the pharmacy. Costs are capped to ensure affordability, no fees or interest are applied to the payments, and enrollees are billed monthly by the plan sponsor.

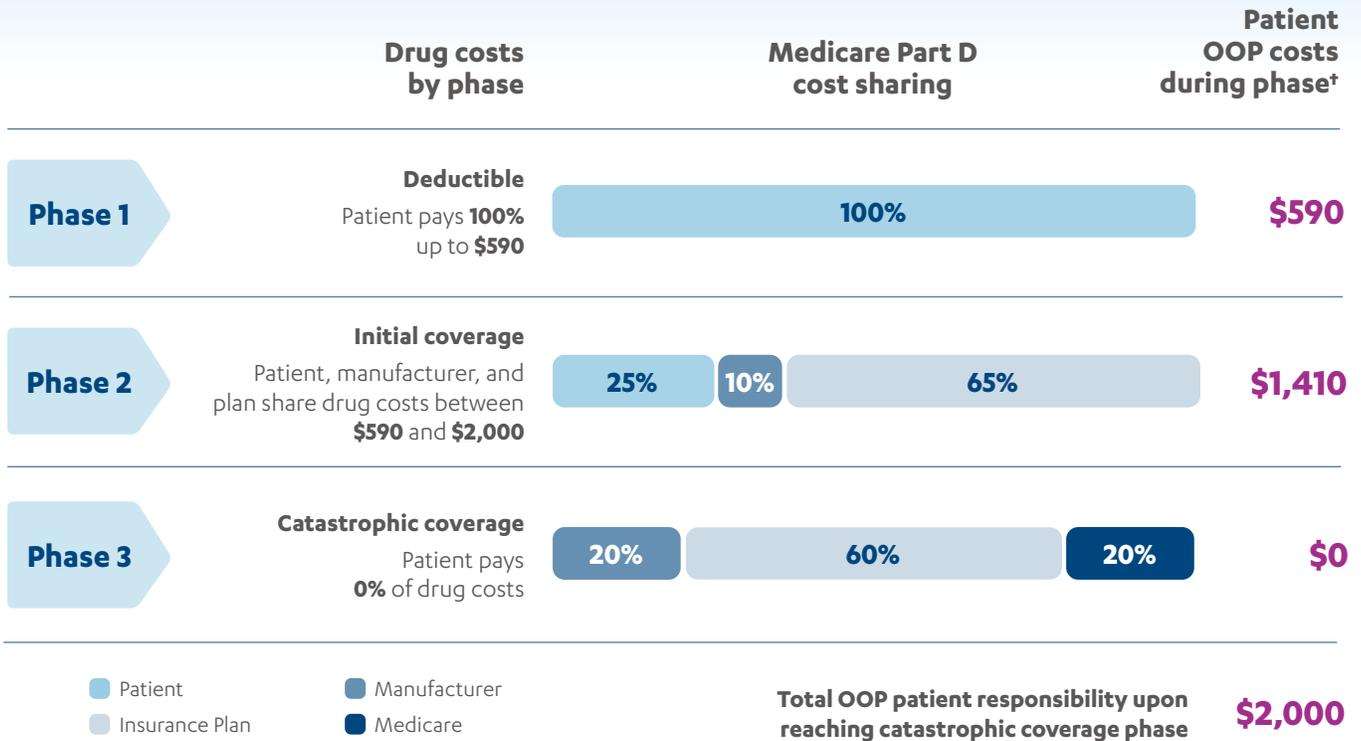
Patients are not enrolled automatically into MPPP and must opt in by contacting their Medicare Part D plan sponsor.

Ensure your patients are aware MPPP enrollment is not automatic and they should contact a representative from their health plan for details

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Benefit Cost Sharing Overview (Medicare Part D, 2025)

Brand-name drug coverage thresholds, 2025^{2*}



Extra Help for eligible patients^{4,6}

Extra Help, Part D low-income subsidy, is a government program that helps patients with Medicare Part D who meet certain income limits afford their medications. Patients who have both Medicare and Medicaid are automatically enrolled in Extra Help. Patients can visit www.medicare.gov/basics/costs/help/drug-costs to review eligibility criteria. In 2025, all patients with Extra Help pay:



As of 2024, patients are no longer divided into partial or full Extra Help depending on income and asset eligibility; all patients who qualify for Extra Help receive the full benefit.

OOP=out-of-pocket.

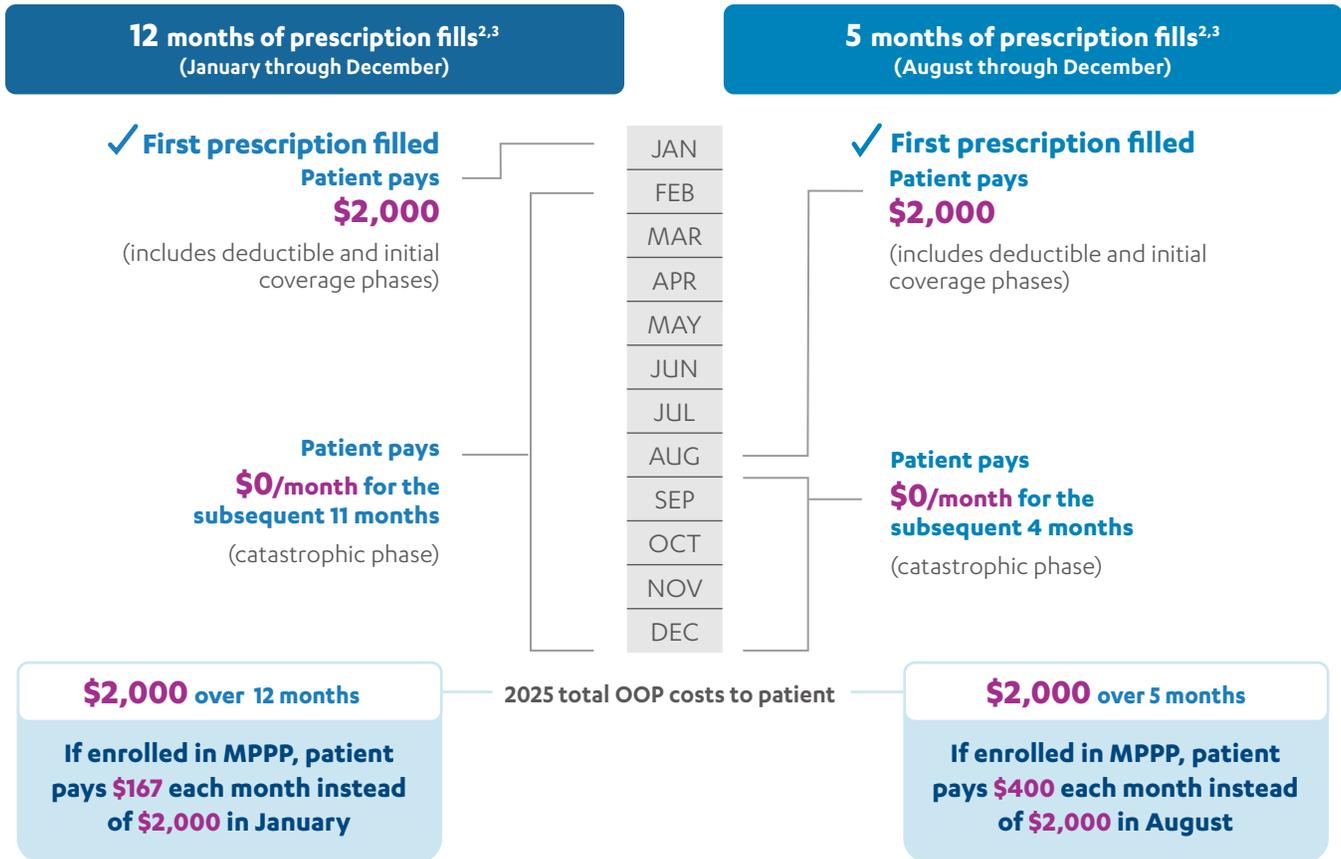
* Medicare Part D coverage resets at the beginning of each calendar year.⁷ These estimates are valid for the Medicare Part D Standard Benefit for 2025 only. Part D plans may vary; therefore, patient cost shares depend upon the provisions of each individual plan.

[†] Actual costs for eligible patients may be significantly reduced by other prescription drug assistance programs, such as Extra Help.

Patient Out-of-Pocket Cost Examples (Medicare Part D, 2025)

Monthly drug cost examples by drug start month

The below scenarios demonstrate OOP costs patients may pay depending on when they first fill their prescription in a calendar year. The scenarios assume a 25% co-insurance plan with a maximum standard deductible and average monthly drug costs of \$15,000.



Medicare Part D coverage resets in January of each calendar year, with patients' cost-sharing responsibilities starting over until they reach the OOP maximum (\$2,000 in 2025).^{2,7}

MPPP=Medicare Prescription Payment Plan; OOP=out-of-pocket.

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. KFF. Published April 20, 2023. Accessed September 20, 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.** Final CY 2025 Part D redesign program instructions fact sheet. Centers for Medicare & Medicaid Services. Published April 1, 2024. Accessed September 20, 2024. <https://www.cms.gov/newsroom/fact-sheets/final-cy-2025-part-d-redesign-program-instructions-fact-sheet> **3.** Fact sheet: Medicare Prescription Payment Plan. Centers for Medicare & Medicaid Services. Published August 2023. Accessed September 20, 2024. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-fact-sheet.pdf> **4.** Biden-Harris administration releases final part two guidance to help people with Medicare prescription drug coverage manage prescription drug costs. United States Department of Health and Human Services. Published July 16, 2024. Accessed September 20, 2024. <https://www.hhs.gov/about/news/2024/07/16/biden-harris-administration-releases-final-part-two-guidance-help-people-medicare-prescription-drug-coverage-manage-prescription-drug-costs.html> **5.** Medicare Prescription Payment Plan: draft part two guidance on select topics, implementation of Section 1860D-2 of the Social Security Act for 2025, and solicitation of comments. Centers for Medicare & Medicaid Services. Published February 15, 2024. Accessed September 20, 2024. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-draft-part-two-guidance.pdf> **6.** Announcement of calendar year (CY) 2025 Medicare Advantage (MA) capitation rates and Part C and Part D payment policies. Centers for Medicare & Medicaid Services. Published April 1, 2024. Accessed September 20, 2024. <https://www.cms.gov/files/document/2025-announcement.pdf> **7.** I just joined a Medicare Part D plan in May. Will my new plan year start a year from now or January 1st of next year? Q1Medicare. Accessed September 20, 2024. https://q1medicare.com/faq/FAQ.php?faq=i-just-joined-a-Medicare-Part-D-plan-in-May---Will-my-new-plan-year-start-a-year-from-now-or-January-1st-of-next-year-&faq_id=254&category_id=6