



Medicare  Scholar
Presents

2025 Part D Basics

Broker Information

Name:

Title:

License #:

Phone Number:

Email Address:



History

- Prior to Part D, Medicare beneficiaries had limited options to cover prescription drug costs
 - Group/union coverage
 - Retiree coverage
 - Medicare Supplement Plan J
 - Self-insure
- Medicare Part D started in 2006, and 77% of all beneficiaries are currently enrolled in the benefit

Part D Basics

- Voluntary benefit—you are not required to enroll
- Offered through private insurance companies
- Available as stand-alone plan (PDP), or combined with a Medicare Advantage plan (MAPD)
- Benefits change each calendar year
- Covers generic and brand name medications

Enrollment

Must enroll or change plans during a valid enrollment period:

- **Initial Enrollment Period:** 7-month window surrounding your Part A or Part B start date
- **Annual Enrollment Period:** October 15 through December 7th each year
- **Special Election Period:** specific situations, like losing creditable coverage, that can happen throughout the year

Premiums

- Stand-alone plans will have a monthly premium and will vary
- Some MAPD plans offer coverage for as low as \$0 monthly premium
- Can choose to pay via automatic bank draft, monthly coupon book, or pay directly from your Social Security check





Late Enrollment Penalty

- You may owe a late enrollment penalty if there's a period of 63 or more days in a row when you don't have creditable prescription drug coverage
- This penalty is permanently added to your Part D premium
- 1% for each month you are uncovered
- Based on the “national base beneficiary premium”, which will be no higher than **\$36.80 in 2025**

Coverage Stages

Part D plans are designed with three stages of coverage

- Yearly Deductible
- Initial Coverage Limit
- Catastrophic Coverage



Coverage Stages

Yearly Deductible

- Amount you must pay each year for your prescriptions before your Part D plan pays its share
- Deductible can vary between drug plans
- No plan may have a deductible more than **\$590 in 2025**
- Some plans have no deductible, or limit the deductible to specific **drug tiers**

Coverage Stages

Initial Coverage Limit

- Combination of what you spend on covered drugs
- You pay **copays** (set dollar amount) or **coinsurance** (percentage of cost) based on what tier your medications fall into
- **NEW in 2025—\$2,000**
- Includes the deductible and any copays or coinsurance paid

Coverage Stages

Initial Coverage Limit Tiers

Covered medications will fall into tiers to determine your copay/coinsurance

- **Tier 1**—lowest copay: most generic drugs
- **Tier 2**—medium copay: some higher cost generic/brand name drugs
- **Tier 3**—high copay/coinsurance: most brand name drugs
- **Tiers 4 & 5**—highest coinsurance: very high cost of specialty drugs

Coverage Stages

Catastrophic Coverage

- Once you reach \$2,000 in out-of-pocket costs, you enter the Catastrophic Coverage phase (***limit was \$8,000 in 2024***)
- You'll pay nothing for the cost of your covered drugs
- Your benefits will reset at the start of the next calendar year

Formulary

- List of covered medications—will vary by plan
- Includes both brand-name and generic drugs
- Medications must be included in your plan's formulary to be covered
- You can request a formulary exception for non-covered medications
- You can request a tier reduction if you believe a medication is too expensive

Pharmacy Network

- Each plan will have its own network of participating pharmacies
- Some plans may have Preferred Pharmacies that offer the lowest cost on covered medications
- Medications will not be covered at non-network pharmacies (except in emergencies)
- Plans offer a mail-order option



Extra Help

If you have limited income and resources, you may qualify for help paying:

- Monthly premiums & late enrollment penalties
- Annual deductibles
- Copays/coinsurances

Learn more at

<https://www.ssa.gov/medicare/part-d-extra-help>

New for 2025

Elimination of the Coverage Gap

- Starting January 1, 2025, there will no longer be a “Coverage Gap” phase of your prescription coverage
- Once your out-of-pocket spending reaches the **\$2,000 limit**, instead of going into the Coverage Gap (where you previously paid 25% of the cost of covered drugs), you will automatically enter the Catastrophic phase, where covered drugs are at **no-cost to you**

New For 2025

Formulary Updates

- Covered insulin is capped at **\$35 per 30-day** supply on ALL Part D and MAPD plans—must be included in the plan’s formulary
- Many adult vaccines that are recommended by the Advisory Committee on Immunization Practices (ACIP) are covered at no-cost under your Part D coverage at the pharmacy

New For 2025

Prescription Payment Plan

- Spread your out-of-pocket Medicare Part D drug costs across the calendar year (January - December)
- Starting in 2025, anyone with a Medicare drug plan or Medicare health plan with drug coverage (like a Medicare Advantage plan with drug coverage) can use this payment option
- All plans offer this payment option and participation is voluntary
- You can sign up for this program at anytime before your coverage becomes effective on the enrollment form, or after your coverage begins

New For 2025

How Does the Payment Plan Work?

- When you fill a prescription for a covered drug, you won't pay your pharmacy. Instead, you'll get a bill each month from your health or drug plan
- Your monthly bill is based on what you would have paid for any prescriptions you get, plus your previous month's balance, divided by the number of months left in the year—all plans use the same formula to calculate your monthly payments

Get Ready!

Prepare For Plan Changes

- This is the biggest year for Part D coverage changes since the program became available in 2006!
- Keep an eye on your mailboxes this fall for your **Annual Notice of Change (ANOC)**, which should arrive by October 1st
- This will lay out the specific changes to your coverage, including **premium, deductibles, cost sharing**, and list of **covered drugs**

Questions?





Thank You

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Sources

- <https://www.medicare.gov/drug-coverage-part-d>
- <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/part-d-late-enrollment-penalty>
- <https://www.ssa.gov/benefits/medicare/prescriptionhelp.html>
- <https://q1medicare.com/PartD-The-2024-Medicare-Part-D-Outlook.php>
- *Fact Sheet: What's the Medicare Prescription Payment Plan, CMS Product NO. 12211, 9/2024*