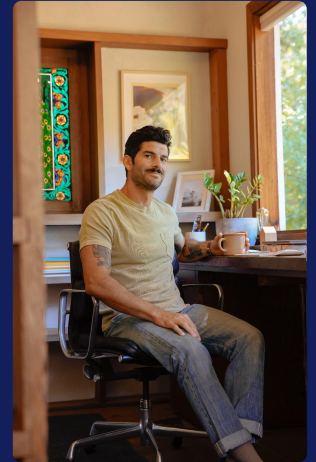




2025 Medicare Part D Changes



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Agenda

01 Overview of Changes to Part D

02 New Standard Part D Design

03 Changes to TrOOP

04 Prescription Drug Payment Plan

05 How to Prepare



2025 Part D

Part D is being “redesigned” in 2025 to implement Section 11201 of the Inflation Reduction Act (IRA).

IRA was signed into law in August of 2022

IRA made several amendments to and additions to the Social Security Act that affect the structure of the defined standard Part D drug benefit.



Overview of Changes

- 01** **New Part D Benefit Design**
Consists of 3 phases
- 02** **Lower annual threshold**
Lowers the beneficiaries annual max out-of-pocket
- 03** **TrOOP**
Changes to the True Out Of Pocket Costs
- 04** **Changes the liability of all parties**
Changes for beneficiaries, Part D Carriers, manufacturers, and CMS





2025 Standard Drug Plan Phases

Deductible



-Insured pays 100% of their prescription drug cost until deductible is met

-2025 Deductible -**\$590**

Initial Coverage



-Insured pays **25%** coinsurance for all covered prescriptions

-Annual out of pocket threshold is **\$2000**

-Payment Plan option through the carrier.

Catastrophic



-Carrier and manufacturers pick up all remaining prescription drug costs



Current Part D Drug Plan Benefits Offered

Most carriers that offer Stand-Alone Drug Plans (PDP) have 2 or 3 options

- Medicare Standard Drug Plan
- Basic Alternative Drug Plan
- Enhanced Alternative Drug Plan



Enhanced Alternative Benefit Design

A Medicare drug plan that exceeds the defined CMS standard coverage for Drug Plans.

Then enhancements offered in this level of coverage are:

- A reduction or elimination of the initial deductible
- A reduction in the coinsurance or copays in the Initial Coverage Phase





What is TrOOP?

TrOOP stands for True Out Of Pocket Costs

- TrOOP includes **beneficiary payments** for Part D prescription drugs, or **payments made on the beneficiaries behalf by certain third parties**:
 - Amounts paid by or through qualified **State Pharmaceutical Assistance Programs (SPAP)**'s, most charities, health savings accounts, flexible spending accounts, and medical savings accounts
 - Amounts paid or borne by the AIDS Drug Assistance Program and the Indian Health Service
 - Payments for previously excluded supplemental benefits provided by Part D sponsors and Employer Group Waiver Plans (EGWPs)
- Includes payments in deductible phase, cost-sharing above the deductible and up to the initial coverage limit, and above the initial coverage limit up to the annual max out-of-pocket limit.
- For drug costs to count towards TrOOP, drugs must be on the plans' formulary and be purchased at a Part D plan's participating network pharmacy
- EXCLUDED are payments under the new Discount Program



Manufacturer Discount Program

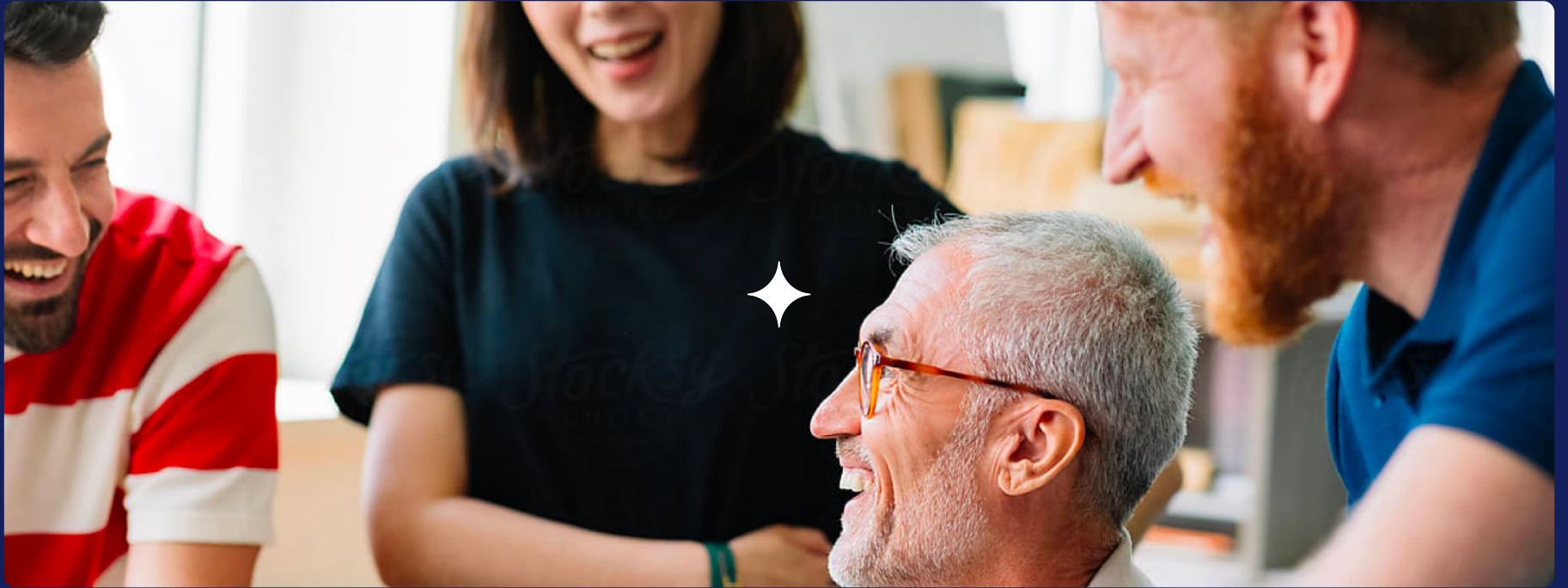
The Manufacturer Discount Program
replaces the Coverage Gap Discount
Program

Beginning January 1, 2025 participating manufacturers will be required to provide discounts on their applicable drugs both in the initial and catastrophic phases

Compound drugs will be excluded

In the Initial phase, the manufacturer will typically covers 10% of the cost for applicable drugs (Plan pays 65%, Beneficiary pays 25%)

In the Catastrophic phase, the manufacturer will typically pay the equivalent of 20% for applicable drugs (Plan pays 60%, CMS pays a reinsurance subsidy equal to 20%)



Medicare Prescription Payment Plan



Medicare Prescription Payment Plan

The law requires all Medicare prescription drug plans (PDP/MAPD) to offer enrollees the option to pay their out of pocket drug costs in the form of capped monthly payments instead of up all at once.

The plan is open to everyone.

Member must opt-in to the plan and can opt-in at any time.

Members on the payment plan will have the balance of the costs divided over the remaining months of the year.



Medicare Prescription Payment Plan

Participants will pay \$0 to the pharmacy for covered Part D drugs.

The carrier will pay the pharmacy in full and bill program participants monthly for the cost sharing they incur while in the program.

If the member has cost sharing for a single covered Part D drug of \$600 or more and has not already opted in, the carrier will be required to notify the pharmacy to inform the member about the program.

The pharmacy will provide the member with a “Medicare Prescription Payment Plan Likely to Benefit Notice”, a standardized notice that all carriers are required to use.



Medicare Prescription Payment Plan

The carrier can involuntarily terminate the payment plan after a grace period of not less than 2 months.

Beneficiary can voluntarily cancel the payment plan.

The carrier is NOT permitted to terminate the Part D Plan enrollment (PDP/MAPD) due to failure to pay prescription payment plan bills.

If a beneficiary switches Part D plan, they will have to enroll in a new payment plan as it's not automatic.

The prior carrier can and will continue to bill for outstanding balances.

Any actions to collect unpaid balances may be subject to other applicable federal and state laws and requirements, noting that such unpaid debt should be considered "medical information" under the Fair Credit Reporting Act.

◆ Creditable Drug Coverage

Drug Coverage is “creditable” only if the actuarial value of the plan’s drug coverage is at least equal or exceeds the actuarial value of standard prescription drug coverage.

- 01 Employers must inform individuals and CMS whether their prescription drug coverage is creditable at least annually before October 15th. .
- 02 The IRA changes may make it difficult for some employer-sponsored plans to demonstrate that the prescription drug benefit is “creditable”.
- 03 It may be more difficult for employers receiving the retiree-drug subsidy to remain eligible for the subsidy if they can’t show their retiree prescription drug coverage is at least equal to Part D.





How will this affect 2025 Plans?

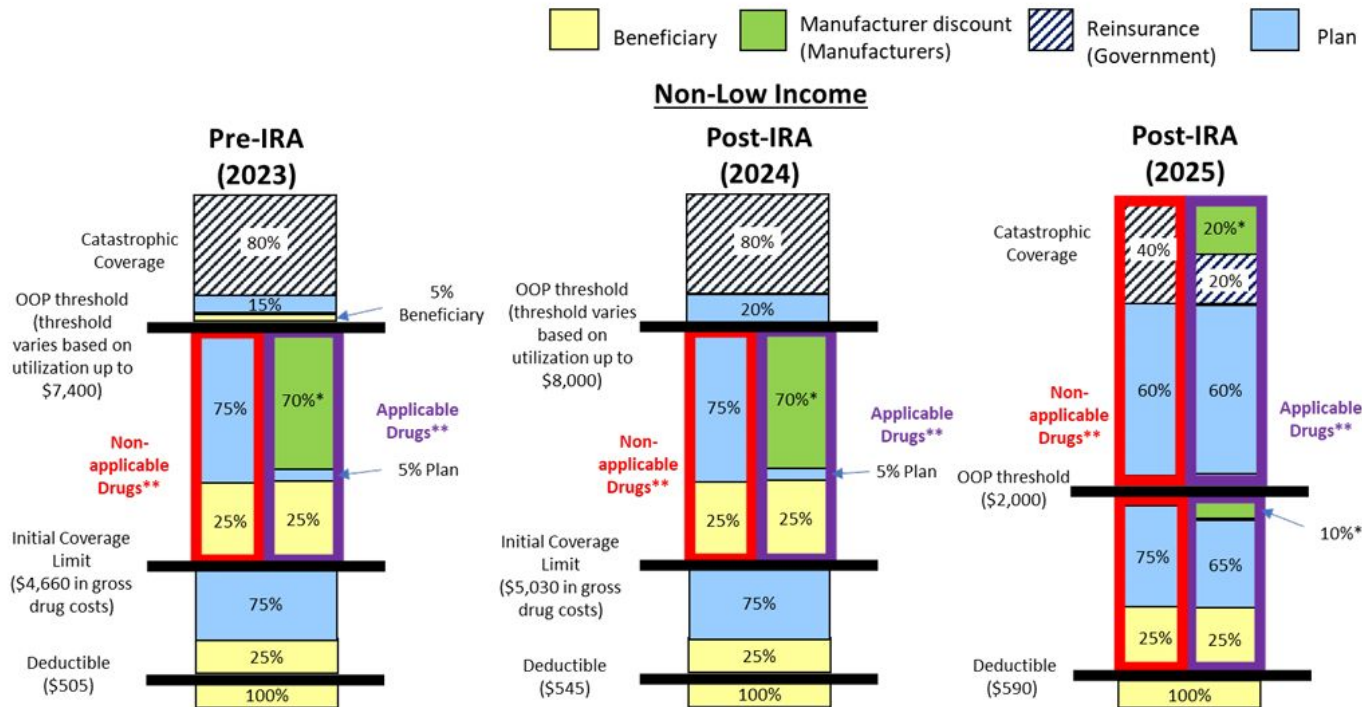
- Less PDP Plans in the Market
- More Drug Utilization Reviews - Prior Authorizations, Step Therapy requirements, & Quantity Limits
- Stricter Formularies
- Higher Co-pays on MAPD's
- Higher premiums for Part D

BUT, on July 29th:

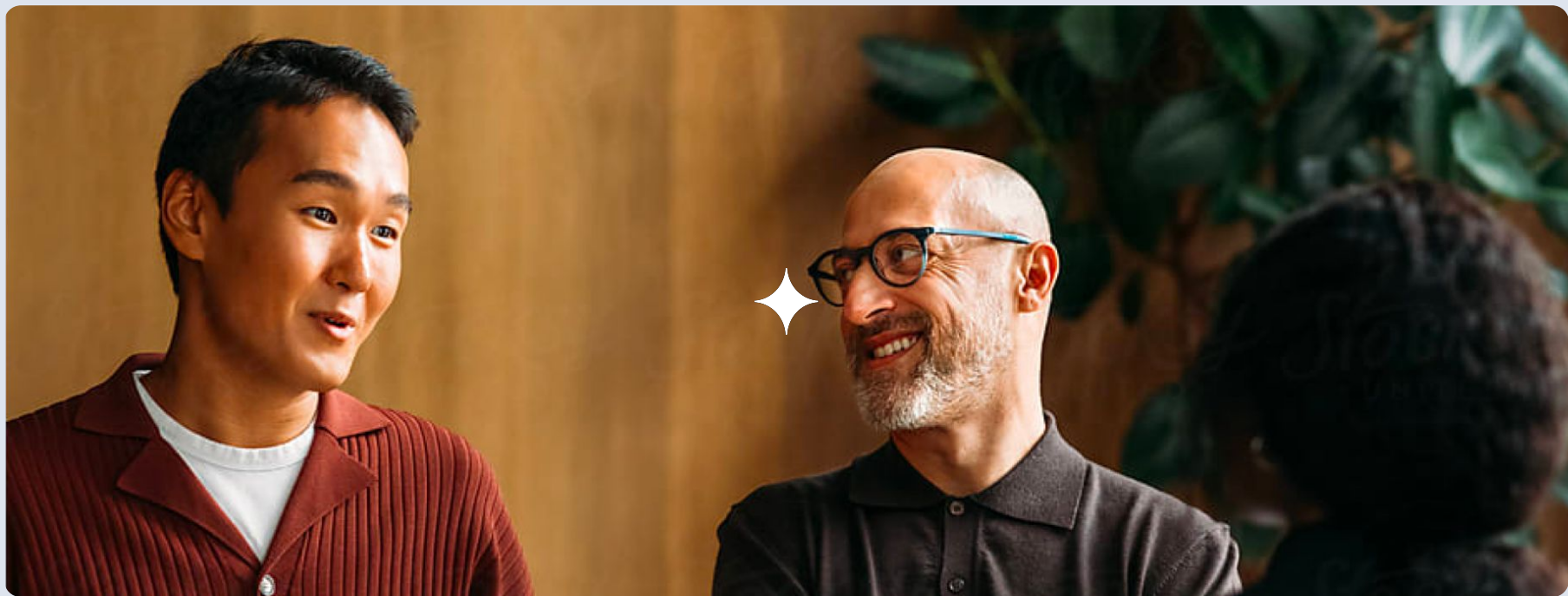
- CMS released base beneficiary drug premiums for PY2025 and will be subsidizing the Part D premiums instead of the Plans and drug manufacturers bearing all of the costs as originally said in the IRA



Part D Benefit 2023-2025



Applicable drugs are, basically, Meds that are FDA approved, regardless if Brand or Generic



How to Prepare



How to Prepare

01

Reach out to current clients

Use the Spark survey or create a notification to current clients. Get a list of their current prescriptions

02

Recommend an annual review

Educate about the changes and recommend a review because of possible formulary changes

03

Meet with them early in AEP

AEP is a short window and they may need a bit of time to digest all the information.





How to explain the changes to clients

Deductible Phase

"You are responsible for 100% of your prescription drug costs until your deductible is met. Your plan may have an annual deductible of no more than \$590. Plans may vary."

Initial Coverage Phase

"You pay up to 25% of coinsurance for medication covered in your plan's formulary. Your max out of pocket is \$2000, then your plan pays the rest of the medication included in your plan's formulary."

Catastrophic Phase

"After you reach your True Out-of-pocket (TrOOP) costs for prescription drugs, you pay nothing and your medication is covered 100%. Everything resets January 1st, and you return to the deductible phase."



Resources

Final CY 2025 Part D Redesign Fact Sheet:

<https://www.cms.gov/files/document/fact-sheet-final-cy-2025-part-d-redesign-program-instructions.pdf>

Inflation Reduction Act and Medicare:

<https://www.cms.gov/inflation-reduction-act-and-medicare>

Medicare.gov:

<https://www.medicare.gov/about-us/prescription-drug-law>

Inflation Reduction Act and Medicare Drug Price Negotiation:

https://www.kff.org/medicare/issue-brief/faqs-about-the-inflation-reduction-act-s-medicare-drug-price-negotiation-program/#drugs_selected_for_price_negotiation

Thank You

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