

Inflation Reduction Act

The Impact on Prescription Drugs for 2025




Life +
Health



Hello, I'm your local **Licensed Insurance Agent.**

- 1** I am licensed, certified and trained to understand how Medicare works.
- 2** Every year I spend 80+ hours obtaining certifications from many top carriers.
- 3** Attorneys, nurses, CPAs, physicians, and real estate agents only complete an average of 20 educational hours per year.
- 4** I must pass an annual AHIP exam, which covers the basics of Medicare, as well as Fraud, Abuse & Waste training.
- 5** I am trained to use Medicare.gov to review prescription drugs and find you a plan to cover them within your budget.



Working With A Licensed Insurance Agent

My service and promise to you

KNOWLEDGEABLE AND PERSONALIZED

.....

EDUCATION ON THE MEDICARE PLAN OPTIONS

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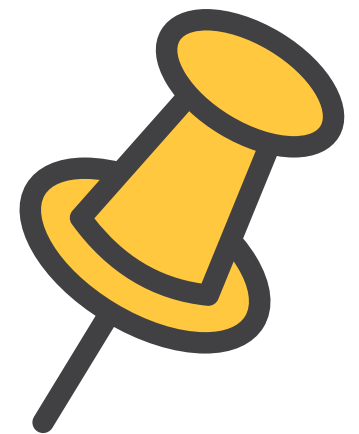
NO-COST ANNUAL PLAN REVIEW

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**I WILL BE HERE ALL YEAR ROUND TO HELP YOU WITH ANY
QUESTIONS, CONCERNS, AND PLAN ISSUES**

AGENDA

- ✓ Medicare Basics ABCD
- ✓ Inflation Reduction Act
- ✓ 2025 Part D Improvements
- ✓ The Impact on Medicare Coverage
- ✓ What can you do?
- ✓ Medicare Overview



The Medicare Basics



Original Medicare

1



Part A (Hospital Insurance)

2



Part B (Medical Insurance)

You have options for additional coverage:

3



Medicare Supplement

4



Part D
(Prescription Drug)

and/or

OR

5

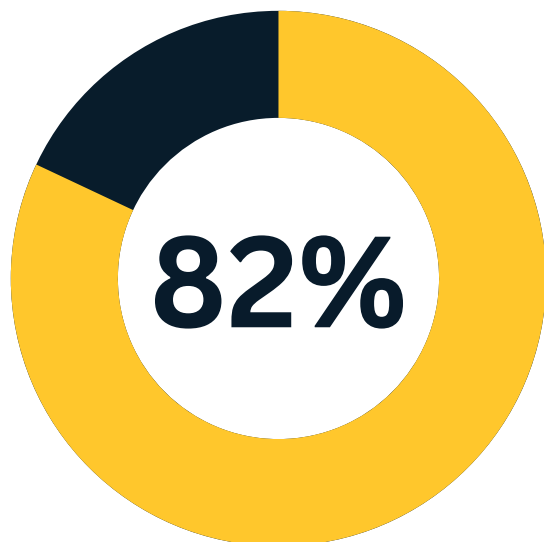


Part C
(Medicare Advantage)
May include Rx Plan

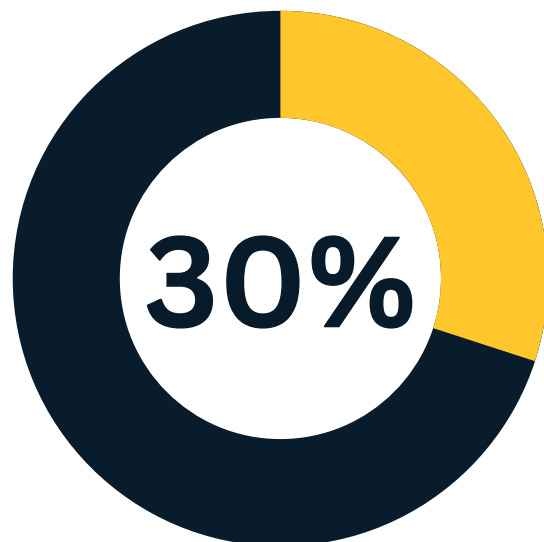
The Inflation Reduction Act



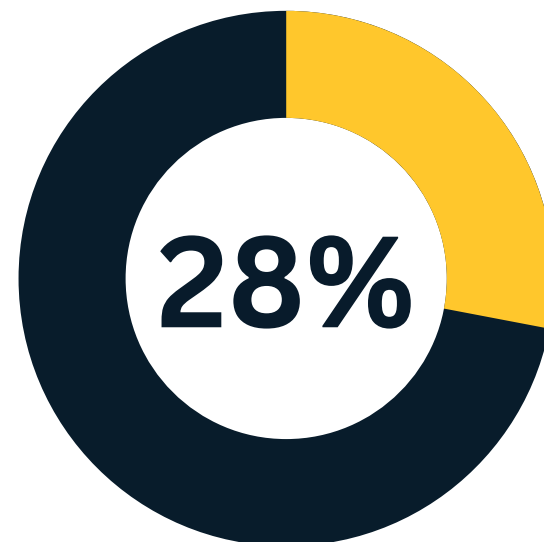
Concerns about the cost of prescription drugs



82% of adults think the cost of prescription drugs is unreasonable



About 30% of adults say in the last year, they have not taken prescription medicines as directed because of cost



28% of adults say it is very difficult for them to afford to pay for their prescription drugs

Solution? The Inflation Reduction Act

Created to provide meaningful financial relief for Medicare beneficiaries, including improvements to Medicare.

Passed in 2022 to:

Increase access to treatments and expand services

Provide affordability by lowering Medicare costs and limiting price increases

Make the Medicare program more sustainable now and in the long-run



Key Changes for the Inflation Reduction Act



Part D Improvements
2023 - 2025



Medicare Drug Price Negotiation
2026 - 2027



Inflation Rebates in Medicare
2022 - 2025



Changes to Medicare Part B
2023

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Part D Improvements Timeline

2023

- ✓ Vaccines without copays
- ✓ Insulin copays limited to \$35/month

2024

- ✓ Eligibility expansion for “Extra Help” program
- ✓ Elimination of 5% coinsurance in catastrophic phase

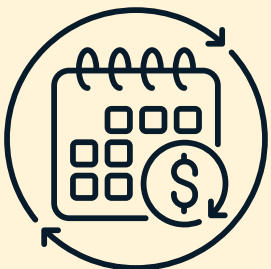
2025

- ✓ \$2,000 annual cap on prescription drug costs
- ✓ Monthly payment program for yearly out-of-pocket prescription drug costs
- ✓ Part D Redesign (no more Coverage Gap phase)
- ✓ Implementation of Manufacturer Discount Program

2025 Part D Improvements



Your out-of-pocket prescription drug costs is capped at **\$2,000** for the year.



You can **enroll into the Medicare Prescription Payment Plan** to help spread your out-of-pocket prescription costs over the year.

Medicare Prescription Payment Plan

Makes paying your out-of-pocket prescription drug costs more manageable by spreading the cost throughout the plan year.

Reminder: Out-of-pocket prescription drug costs capped at \$2,000.

Once enrolled:

- You'll be charged \$0 at the pharmacy counter.
- Billing will come from your plan when you have out-of-pocket prescription drug costs.
 - Deductible must be paid first and copays may apply.
- Monthly bill may fluctuate (based on your out-of-pocket cost incurred each month).
- You can opt out any time - will need to pay what is owed.

Simplified Example

Beneficiary enrolls in Medicare Prescription Payment plan in January 2025 (Cost sharing + OOP amounts shown)

Month	OOP Costs Incurred	Divide by	OOP Costs Incurred Split	Max Monthly Cap	Monthly Beneficiary Payment
January	\$0.00	12 months	\$166.67	\$166.67	\$0.00
February	\$1,200.00	11 months	\$109.09	\$109.09	\$109.09
March	\$12.00	10 months	\$1.20	\$110.29	\$110.29
April	\$12.00	9 months	\$1.33	\$111.62	\$111.62
May	\$12.00	8 months	\$1.50	\$113.13	\$113.13
June	\$215.00	7 months	\$30.71	\$143.84	\$143.84
July	\$0.00	6 months	\$0.00	\$143.84	\$143.84
August	\$530.00	5 months	\$106.00	\$249.84	\$249.84
September	\$12.00	4 months	\$3.00	\$252.84	\$252.84
October	\$7.00	3 months	\$2.33	\$255.17	\$255.17
November	\$0.00	2 months	\$0.00	\$255.17	\$255.17
December	\$0.00	1 month	\$0.00	\$255.17	\$255.17
TOTAL:	\$2,000				\$2,000

Source: Johnson, Ann; Pharmacy Healthcare Solutions, Medicare Prescription Payment Plan ...aka OOP Price Smoothing. Published in Feb 2024. https://phslrx.com/wp-content/uploads/2024/02/ASAP2024_Presentations_08_Ann-Johnson-Medicare-Payments-and-Beneficiary-Smoothing-What-Pharmacies-Need-to-Know.pdf

2025 Part D Improvements

Part D Redesign Program will consist of three phases:

Phase 1 Annual Deductible

The amount you pay before a plan covers your prescription drug costs.

Deductible Range:

\$0 - \$590

Phase 2 Initial Coverage

The plan pays its share of the cost, and you pay your share (copays and coinsurance).

Your Maximum Out-of-Pocket Rx Drug Costs (copays and coinsurance):

\$2,000

Coverage Gap (Donut Hole)

The plan is limited in how much it can pay for your drugs. You will pay 25% of the costs for covered drugs.

Phase 3 Catastrophic Coverage

After you reach the MOOP, the plan will pay your drug costs for the rest of the year.

No copay or coinsurance.

The Coverage Gap Phase will be end on December 31, 2024, and be replaced with the **Manufacturer Discount Program**.

Manufacturer Discount Program

How is it applied to the Part D program?

Phase 1 Annual Deductible

Not applicable on deductible.

Phase 2 Initial Coverage

Manufacturers will provide a 10% “discount” as their cost-share on applicable brand-name drugs.

Coverage Gap (Donut Hole)

Phase 3 Catastrophic Coverage

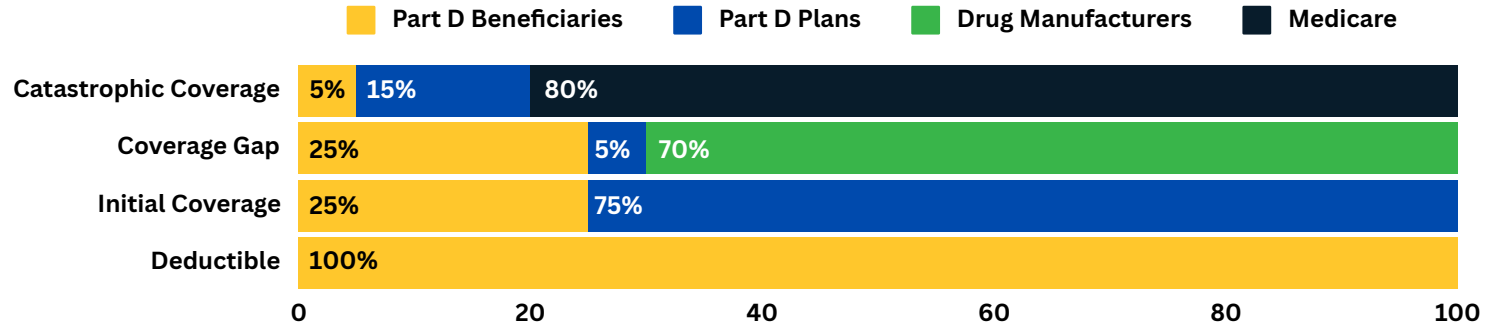
Manufacturers will provide a 20% “discount” as their cost-share on applicable brand-name drugs.

Participating manufacturers must enter into an agreement with CMS (Centers for Medicare & Medicaid Services) for Part D coverage eligibility and offer a discount on applicable brand-name drugs.

Share of Part D Drug Costs from 2023 - 2025 For Brand-Name Drugs

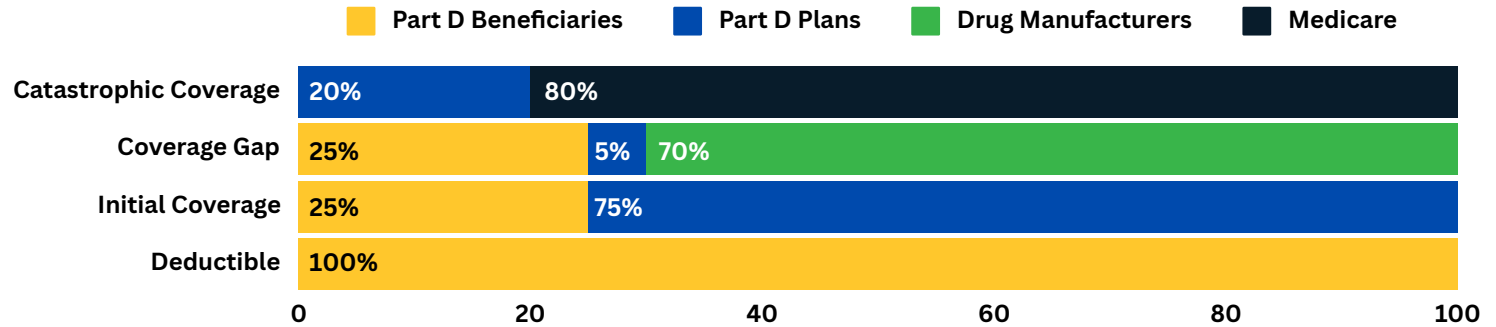
2023

OOP Spend
Threshold:
~\$3,100



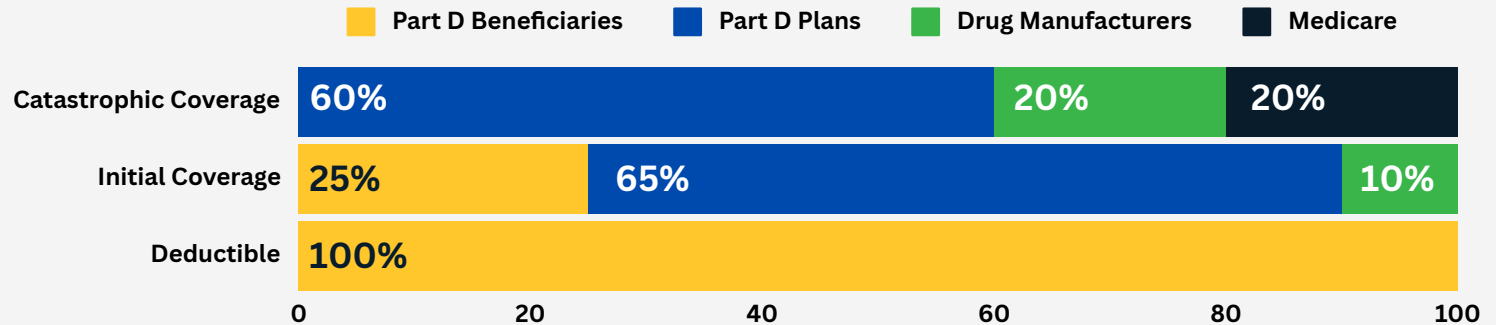
2024

OOP Spend
Threshold:
~\$3,250



2025

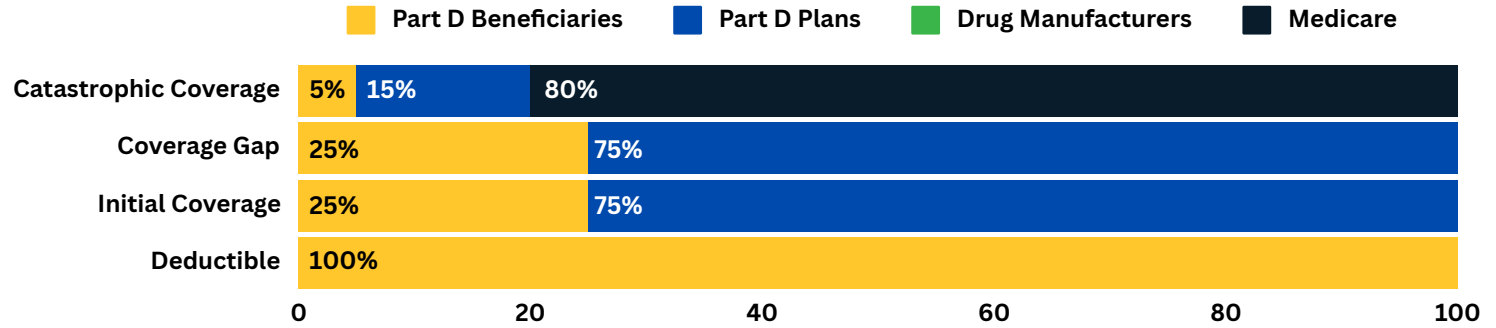
OOP Spend
Threshold:
\$2,000



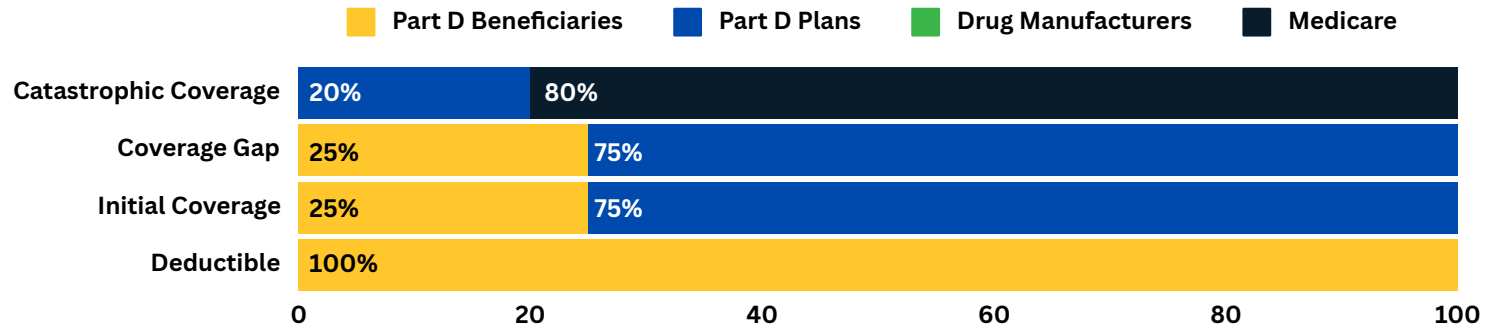
Share of Part D Drug Costs from 2023 - 2025

Generic Drugs

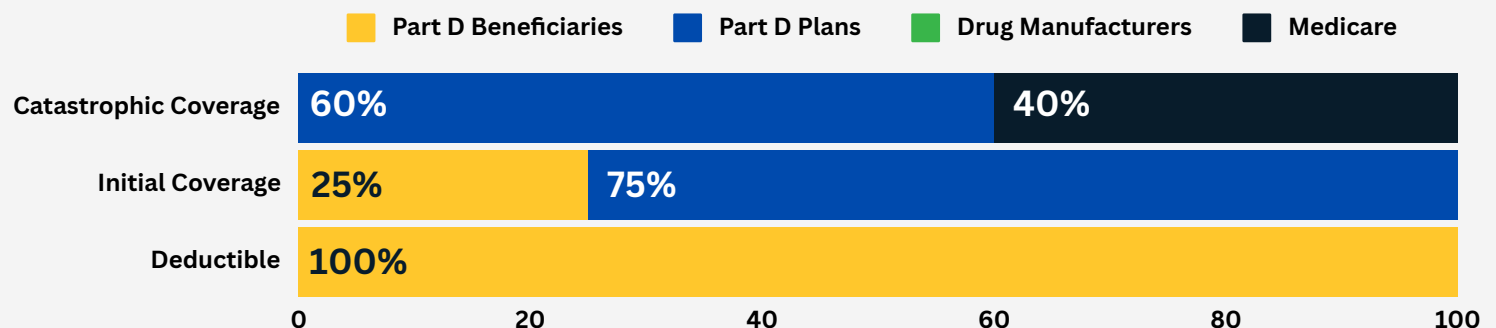
2023
 OOP Spend
 Threshold:
 ~\$3,100



2024
 OOP Spend
 Threshold:
 ~\$3,250



2025
 OOP Spend
 Threshold:
 \$2,000



Key Changes for the Inflation Reduction Act



Part D Improvements
2023 - 2025



Medicare Drug Price Negotiation
2026 - 2027



Inflation Rebates in Medicare
2022 - 2025



Changes to Medicare Part B
2023



Changes to Medicare Part B

- Improve access to high quality, affordable biosimilars (drug made from natural resources)
- Impose a \$35/month cost-sharing cap on insulin used in durable medical equipment pumps (effective 2023)



Inflation Rebates in Medicare

- Drug companies must pay Medicare a rebate if they increase prices for specific drugs faster than inflation.
- Calculated and invoiced by CMS (begins fall 2025).
- Ensures long-term sustainability of the Medicare program.



Medicare Drug Price Negotiations

- Dedicated to improve access to some of the costliest single-source brand-name Medicare Part B and Part D drugs.
- Starts in 2026 on ten (10) selected drugs.
- Rebates from the selected drugs may change.
- Additional drugs will be selected for negotiation every year after 2025.

The Impact on Your Medicare Coverage

What can be expected with the upcoming 2025 changes to Part D



Your max out-of-pocket prescription drug cost is lower and capped at \$2,000.

Monthly payment plans allow you to reduce the stress of financial insecurity.

You can access brand-name drugs that may have been too costly for you to pay out-of-pocket.

The discount and rebate programs go into effect on manufacturers that plan to increase prices, beating inflation.

What to be aware of with the upcoming 2025 changes to Part D



Medicare Prescription Payment Plan is more beneficial in the beginning of the year to spread out costs.

Those who are eligible for the “Extra Help” (Low-Income Subsidy)”, enrollment in “Extra Help” is more advantageous than the Medicare Prescription Payment Plan (payment plan still available to all beneficiaries).

Plans are required to do outreach of the payment program if you have been paying more than the 2025 annual cap, \$2,000, between January 1, 2024 and September 30, 2024.

Drugs that are excluded from Medicare Prescription Payment Plan:

- Non-covered drugs
- Part B drugs



What to be aware of with the upcoming 2025 changes to Part D

The \$2,000 cap does not apply to out-of-pocket spending on Part B drugs.

Once you incur a Part D out-of-pocket cost, the payment plan will apply to all of your covered Part D drugs and billed monthly.

- You will not be able to pick and choose which covered prescriptions to include.

Part D plans will continue to bill any amounts owed (not to exceed the max monthly cap) for those who **switch Part D plans** or **cancel participation**.

Part D plans may choose to not cover certain drugs.

- Notice any applicable changes and get assistance from your doctor about alternatives.



What to be aware of with the upcoming 2025 changes to Part D

The new law has prevented Part D base beneficiary premiums from increasing more than six percent each year (until 2030).

- Does not limit other factors plans may add to plan costs.

Plan sponsor liability will increase in the catastrophic phase.

- May see an increase in plan cost while you have lower out-of-pocket drug costs.
- May see a reduction in plan services.



The definition of “creditable coverage” for prescription drug plans has been redefined.

- Plan sponsors or plans may exit the Medicare market if they are unable to meet the new standards of creditable coverage.

What can you do?

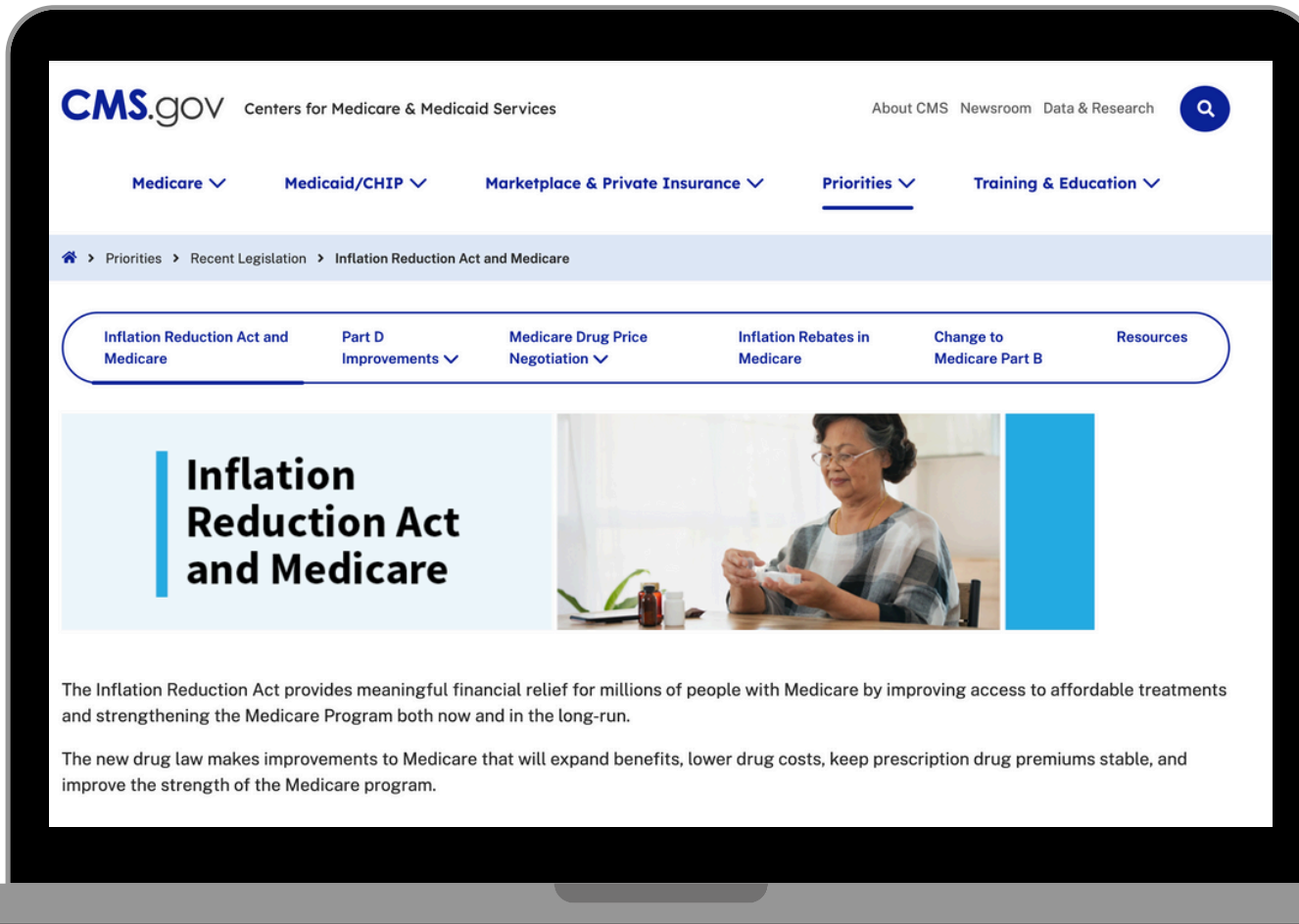


Your healthcare needs are your priority for 2025. You deserve the right care with the right Medicare plan that suits your needs.

-  **Review your current plan and keep a list of your current medications.**
-  **When your plan provides your yearly notice in September, pay close attention to any changes that may have been applied.**

Stay updated on the new law

Visit www.cms.gov/inflation-reduction-act-and-medicare



Other resources

www.Medicare.gov or 1-800-MEDICARE (1-800-623-4227)

National Council on Aging: www.ncoa.org

State Health Insurance Assistance Program: www.shiphelp.org

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<https://www.linkedin.com/pulse/understanding-2025-medicare-part-d-re-design-what-yrt6c/>

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Healthcare changes can be overwhelming.

Peace of mind is my goal for you, and I'm here to help simplify the process.



Medicare Overview (2024)



Part A - Hospital Insurance

- **Cost: \$0 - \$505** (based on number of quarters worked)
- **\$1,632 deductible per service period**; days 1–60 \$0, days 61–90; \$408 copayment per day, days 91+; \$816 copayment per day.
- **Skilled nursing facility**, no cost for days 1–20, \$204 copayment per day for days 21–100, all costs for all days after 100.



Part B - Medical Insurance

- **Cost: \$174.70/month or higher depending on income**
- **\$240 annual deductible**
 - After deductible is met, you typically pay 20% of the Medicare-approved amount for most doctor services.



Part C - Medicare Advantage

- **Medicare Advantage Plans are an alternative option to coordinated care**, that covers Parts A and B and may include Part D (Prescription Drug plans).
- **Costs vary depending on plan choice.**

Medicare Overview (2024)



Part D - Prescription Drug Plans

- Costs vary depending on plan choice.
- \$545 annual deductible
- Initial Coverage limit is \$5,030 and TROOP is \$8,000
- Catastrophic coverage assures you'll pay nothing for your covered Part D drugs for the rest of the calendar year.



Medicare Supplement (Medigap)

- Medicare Supplement, also called Medigap, helps pay for costs Original Medicare does not cover like copayments, coinsurance, and deductibles.
- Does not offer prescription drug coverage. You pay a monthly cost in addition to Part B and Part D costs.

Your Medicare Options Review

1

EMPLOYER GROUP PLAN

May have higher copay, deductibles, and coinsurance

2

ORIGINAL MEDICARE

80/20 Split

3

MEDICARE ADVANTAGE

HMO Plans
Managed care, copays, networks

or

PPO Plans
Monthly costs, copays in and out of networks

4

MEDICARE SUPPLEMENT with stand-alone **PRESCRIPTION DRUG PLAN**

Monthly costs, any provider that accepts Medicare





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My contact information:

A large, empty white rounded rectangle intended for contact information.

By calling the number above, you will be directed to a licensed insurance agent.