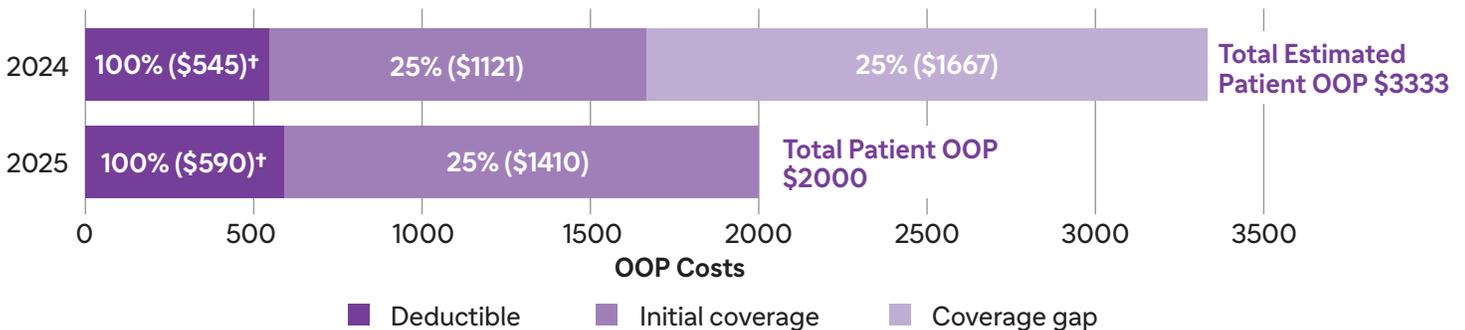


# Medicare Part D Benefit Changes: What You Need to Know

The Inflation Reduction Act (IRA) introduces significant changes to Medicare Part D to improve healthcare access and reduce costs for beneficiaries by<sup>1</sup>:

- Limiting increases in the base beneficiary premium<sup>2</sup>
- Capping yearly enrollee OOP costs at approximately \$3300 by eliminating the 5% coinsurance requirement in the catastrophic phase (effective 2024)
- Capping enrollee OOP costs at \$2000 for the 2025 plan year
- Allowing enrollees to have their OOP costs spread out into monthly payments across the plan year (known as “smoothing”) via the Medicare Prescription Payment Plan.<sup>3</sup> Enrollees will need to opt in to this voluntary program
  - Enrollees who opt in to the Medicare Prescription Payment Plan pay \$0 at the pharmacy counter for a covered Part D drug and instead may receive a monthly bill<sup>4</sup>

## OOP Costs for Part D Enrollees in 2024 and 2025<sup>5,6,\*</sup>



## The Medicare Extra Help program provides benefits to enrollees who have limited income and resources

This federal program—also known as Part D Low-Income Subsidy (LIS)—provides enrollees with financial assistance to help cover prescription drug costs.<sup>7</sup>

### In 2024, changes to IRA benefits impact Part D enrollees who qualify for LIS

There will no longer be a partial LIS benefit program for individuals with incomes greater than 135% and up to 150% of the federal poverty level (FPL).<sup>8</sup>

- Full benefits will be offered to those with limited resources and incomes up to 150% of the FPL<sup>8</sup>
- To qualify, an enrollee’s gross annual income must not exceed<sup>9,†</sup>:
  - \$22,590 for an individual
  - \$30,660 for a married couple
- Qualified enrollees will pay<sup>10</sup>:
  - \$0 for Medicare drug premiums
  - \$0 for plan deductibles
  - A reduced amount for generic and branded drugs

\*Graphic adapted from Cubanski J, Neuman T. KFF 2023. Not all stakeholder cost-sharing responsibilities are included.<sup>6</sup>

<sup>†</sup>Not all Part D plans charge a deductible, but many enrollees in stand-alone drug plans are charged the standard deductible amount.<sup>6</sup>

<sup>‡</sup>Eligibility requirements depend on income from the previous year.

# Determining eligibility and enrollment status for the Medicare Extra Help program

## Who is eligible for Extra Help?

Beneficiaries will be evaluated each year to determine their eligibility in 1 of 2 ways<sup>7</sup>:

1

The beneficiary's monthly income and assets are below the 2024 limits for individuals and married couples<sup>10</sup>

- Assets include money in a checking, savings, retirement account, stocks, and bonds
- Assets do not include a beneficiary's home, one car, burial plots, up to \$1500 for burial expenses, furniture, and other household and personal items

2

Beneficiaries automatically qualify for Extra Help if already enrolled in Medicaid, Supplemental Security Income, or a Medicare Savings Program, regardless of income eligibility requirements<sup>10</sup>

## How can beneficiaries determine their status?

The Centers for Medicare and Medicaid Services and the Social Security Administration send several letters to beneficiaries who are receiving assistance under Extra Help to inform them of their status in the program for the upcoming year.<sup>10</sup>

## What are the next steps if denied?

If beneficiaries do not qualify for Extra Help now, they can reapply at any time.<sup>10</sup>

## The following resources are available for more information



### Medicare plan finder tool

This tool helps patients find available plans based on where they live, their Medicare coverage, and the drugs they take and can be accessed at [medicare.gov/find-a-plan/questions/home.aspx](https://www.medicare.gov/find-a-plan/questions/home.aspx)



### Extra Help forms

To access the Extra Help application and instructions for completion, visit [ssa.gov/benefits/medicare/prescriptionhelp/forms.html](https://www.ssa.gov/benefits/medicare/prescriptionhelp/forms.html)



### Medicare Prescription Payment Plan

For additional information about the Medicare Prescription Payment Plan, visit the PAN Foundation at <https://www.cms.gov/inflation-reduction-act-and-medicare/part-d-improvements/medicare-prescription-payment-plan>

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