Your guide to **understanding your medication coverage in 2025**

Commonly used terms and frequently asked questions

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Understanding **common terms**

This brochure is for general information. Always refer to official sources or your healthcare plan for specific information about your coverage.

A Appeal

A request you make to your insurance company to reverse a decision you disagree with when denied healthcare services, coverage for a medicine, or payment for services you already received. Also, if you disagree with a decision to stop services that you are receiving.

B Base Beneficiary Premium (BBP)

A value calculated by a share of average plan bids for basic Part D benefits. It is submitted by stand-alone Plan D drug plans and Medicare Advantage drug plans and acts as the starting point for calculation of plan-specific basic Part D premiums.[1,2]

Benefits

Payment for services provided by an insurance policy. In a health plan, benefits are the healthcare you get.

Benefits investigation (BI)

Sometimes called a benefits verification, a BI is done to see if your insurance covers a specific medicine.

C Case manager

A person who arranges all services that are needed to give proper healthcare to a patient or group of patients.

Catastrophic coverage

If you have Medicare prescription drug coverage, once your spending on prescription drugs reaches a certain amount called the "out-of-pocket threshold," you automatically enter the catastrophic phase of coverage. Starting in 2025, patients reaching this phase will have a $0 co-pay.

Find more information on how catastrophic coverage will work in 2025 on page 17.

Claim

A request for payment that you or your doctor submits to Medicare or other health insurance when you get items and services that are covered by your health plan.

Coinsurance

An amount you may be required to pay as your share of the cost for services after you pay any deductibles. Coinsurance is usually a percentage (for example, 20%).

Co-payment (co-pay)

The money you may be required to pay as your share of the cost for a medical service or supply, such as a doctor's visit, hospital outpatient visit, or prescription drug. A co-payment is usually a set amount. For example, you might pay $10 or $20 for a doctor's visit or prescription drug.

Co-pay accumulator

A part of an insurance plan where co-pay assistance does not count toward what you need to pay before your insurance kicks in (your deductible) or the total amount you end up paying out of your own pocket (your out-of-pocket maximum). The manufacturer co-pay program funds prescriptions until the highest value of the program benefit is reached. After that is reached, the patient's out-of-pocket costs will again count toward their annual deductible and out-of-pocket maximum.[3]

Co-pay maximizer

A feature or program within an insurance plan that sets out-of-pocket costs equal to the maximum value of the manufacturer's co-pay program benefit. These costs are normally applied evenly throughout the benefit year and payments do not apply toward the patient's annual deductible or out-of-pocket maximums.[1]

Coverage gap

In previous years, Medicare drug plans had a coverage gap (also called the "donut hole"). The coverage gap is a phase of Medicare Part D coverage where costs are shared by the plan, enrollee, and drug manufacturer. Beginning in 2025, the coverage gap will no longer exist due to reform initiated through the Inflation Reduction Act.

See pages 16-21 for more details about changes to Medicare Part D coverage.

Covered benefit

A health service or item that is included in your health plan and paid after co-pay/coinsurance/deductible are met.

D

Deductible

The amount you must pay for healthcare or prescriptions before your health plan begins to pay.

Dual-eligible

Someone enrolled in Medicare who also receives the full range of Medicaid benefits offered in their state.

E

Explanation of benefits

A letter or electronic document sent to you by your health plan after a healthcare service, such as a doctor's visit. It is important to know that this is not a bill but simply information about how your health plan processed your doctor's claim. The letter has the following information:

- The name of the doctor you visited
- What kind of healthcare service(s) you received
- How much the doctor charged and how much is allowed by your health plan
- How much money your health plan paid
- How much money was counted toward your deductible amount
- How much money you may be asked to pay by your doctor

F

Formulary

A list of prescription drugs covered by a prescription drug plan or another insurance plan offering prescription drug benefits. Also called a drug list.

H

Health coverage

Legal entitlement to payment or reimbursement for your healthcare costs, generally under a contract with a health insurance company. It may be a group health plan offered in connection with employment, or a government program, such as Medicare, Medicaid, or the Children's Health Insurance Program (CHIP).

I

Inflation Reduction Act (IRA)

Signed into legislation in 2022, the Inflation Reduction Act (IRA) impacts corporate tax reform, clean energy, and healthcare reform. The IRA also affects the way patients enrolled in Medicare pay for their treatment. Primarily, it aims to reduce healthcare costs by allowing Medicare to negotiate drug prices directly with manufacturers, capping out-of-pocket (OOP) medication expenses for Medicare patients, reducing insulin co-pays, and introducing the Medicare Part D OOP Prescription Payment Program (M3P).[4,5]

L

Low-income subsidy (LIS)

Also called Extra Help, LIS is a program that helps eligible people with Medicare that have limited income and resources to pay for prescription drug coverage. If you qualify for Extra Help, you may pay less in premiums, deductibles, and co-payments. Learn more at **www.medicare.gov/basics/costs/help/drug-costs**.

M

Medicaid

A joint federal and state program that helps qualified individuals or families with limited income pay for the costs associated with long-term medical and custodial care. Although largely funded by the federal government, Medicaid is managed differently by each state, and programs may be different.

Medicare

The federal health insurance program for people who are 65 years of age or older, certain younger people with disabilities, and people with end-stage renal disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).

Medicare Part A

Hospital insurance that pays for inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home healthcare.

Medicare Part B

Medicare medical insurance that helps pay for doctors' services, outpatient hospital care, durable medical equipment, and some medical services that are not covered by Part A.

Medicare Part C (Medicare Advantage)

Medicare Part C is also known as Medicare Advantage. It is a type of Medicare health plan offered by commercial insurance companies to provide you with all of your Part A and Part B benefits. Most Medicare Advantage Plans offer prescription drug coverage and all Medicare rules apply. You must be enrolled in Medicare Parts A and B to enroll in a Medicare Advantage plan.

Medicare Part D

Also known as Medicare prescription drug coverage, Part D is a type of Medicare health plan offered by commercial insurance companies. They provide you with optional benefits for prescription drugs available to all people with Medicare for an additional cost. Most Part D plans charge a monthly premium that varies by plan. This premium is in addition to the Medicare Part B premium.

Medicare Prescription Payment Plan (M3P)

A program under the IRA that will allow beneficiaries to spread their out-of-pocket costs during the calendar year rather than making all out-of-pocket payments up front.[4]

Medigap policy

A Medigap policy, also known as Medicare Supplement Insurance, is sold by private companies, which can help pay for some of the healthcare costs that Original Medicare doesn't cover, such as co-payments, coinsurance, and deductibles. You must have Medicare A and B to purchase a Medigap policy.

If you have Original Medicare and you buy a Medigap policy, Medicare will pay its share of the Medicare-approved amount for covered healthcare costs. After that, your Medigap policy pays its share.

N

Non-formulary drugs

Drugs not on a list that has been approved by a healthcare plan.

O

Original Medicare

The Original Medicare Plan has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). This is a pay-per-visit health plan that lets you go to any doctor, hospital, or other healthcare supplier who accepts Medicare and is accepting new Medicare patients. You must pay the deductible. Medicare pays its share of the Medicare-approved amount, and you pay your share (coinsurance).

Out-of-pocket (OOP) costs

Healthcare costs that you must pay on your own because they are not covered by Medicare or other insurance.

P

Pharmacy benefit / Prescription drug coverage

The pharmacy benefit is part of your health insurance that tells how much coverage you will receive and what types of prescription drug coverage are available to you. Prescription drug coverage is a plan that helps pay for prescription drugs and medications.

Pharmacy benefit manager (PBM)

Organizations that manage pharmaceutical benefits for managed care organizations, other medical providers, or employers. PBM activities may include processing claims, formulary management, completing prior authorizations, and general disease management.

Premium

The periodic payment (usually monthly) to Medicare, an insurance company, or a healthcare plan for health or prescription drug coverage.

Prior authorization

Approval you must get from your healthcare plan before you receive a service or fill a prescription in order for that service or prescription to be covered by your plan.

R

Retail pharmacy

A local pharmacy (such as Safeway, Costco, Rite Aid) that includes the retail sale of prescription medicines and other over-the-counter medicines.

S

Specialty drugs

Medicines prescribed for people with complicated or high-cost medical conditions. These medicines are often injected or infused but may also be taken by mouth. They may have unique storage or shipment requirements.

Specialty pharmacy

A pharmacy that handles specialty drugs and other services for patients with rare and/or chronic diseases. Specialty drugs are often delivered directly to a patient's home.

Step therapy

A coverage rule used by some health insurance companies that requires you to try one or more similar, lower-cost drugs to treat your condition before the plan will cover the prescribed drug. Your doctor will need to consent and prescribe the lower-cost drug.

T

True out-of-pocket (TrOOP) costs

The amount you pay for covered Part D drugs that count toward your drug plan's out-of-pocket limit that must be reached before your catastrophic coverage can begin. Your yearly deductible, coinsurance or co-payments, and what you pay in the coverage gap all count for this out-of-pocket limit. This amount also includes payments made on the enrollee's behalf, such as manufacturer payments made in the coverage gap.

Frequently asked questions:

A guide to your medication coverage and help that may be available.

How can I find out if my insurance company will cover my medicine?

Your doctor's office or pharmacy will often contact your insurance company to see if you have coverage for a certain medicine. You may also contact your insurance company directly to review your benefits information and see if a certain medicine is covered.

Some drug manufacturers have patient programs that will help you understand your coverage, including financial assistance options. Ask your doctor if there is a program for the medicine you are being prescribed that can help with payment. If you have access to the Internet, you can also search online for a website about your medicine to see what services are offered by the drug company.

What happens when my medicine comes from a specialty pharmacy?

Unlike a local **retail pharmacy** that fills most medicines, **specialty pharmacies** usually handle the delivery of medicines for complicated diseases that require extra attention. The specialty pharmacy may also offer more support and services than a local retail pharmacy. These services can help you access your medicine and manage your condition by:

- Offering support from a pharmacist
- Helping to find out if your insurance pays for your medicine
- Educating you about your disease and the medicine you are taking
- Following up with your doctor
- Helping stay on schedule with your medicine
- Providing information about financial assistance

Please contact your specialty pharmacy to find out if their calls will appear as an unknown caller on your phone.

I do not have insurance. Is there assistance available to help pay for my treatment costs?

We understand you may need help paying for your medicine.

Consult your doctor, insurance plan, or the drug manufacturer's website to learn about available assistance programs that may be able to help you afford your medicine.

My insurance company is taking a long time to tell me if it will pay for my medicine. What can I do?

Many drug companies have patient programs that may help you get started on your medicine before your insurance company approves your prescription. Ask your doctor if there are any programs available for the medicine you are prescribed.

Terms in bold can be found in the glossary section.

What is a co-pay assistance program?

A co-pay assistance program offers financial help for your medicine-related **co-payments**. Many drug companies offer a co-pay assistance program. Some programs use a physical card that may be mailed to you and some may use electronic cards only. These programs are sometimes also known as co-pay card programs.

Co-pay assistance programs are only open to eligible patients with private insurance.

Is there any financial assistance available to help me pay for my monthly co-pay or coinsurance?

We understand that you may need help with **out-of-pocket costs** for your medicine. Many drug companies offer co-pay assistance programs for eligible patients covered by private insurance companies. These programs may help you pay for your medicine.

Be sure to talk to your doctor first about what patient assistance programs may be available for your medicine.

*Dollar amounts provided as an example.

†OOP maximum is the most you could pay for covered medical services and/or prescriptions each year.

Terms in bold can be found in the glossary section.

How do I know if my plan has a co-pay accumulator or co-pay maximizer that may affect my coverage?

Please reach out to your insurance provider directly to learn if your plan has a co-pay accumulator or co-pay maximizer that may affect your coverage.

My insurance plan has a co-pay accumulator. When will I have to start paying out-of-pocket for my medication?

Your co-pay card will fund prescriptions until the maximum value on the card is reached. Check with your insurance provider to confirm your co-pay card's maximum value. Once the maximum value is reached, you can expect to start paying out-of-pocket. These payments will begin counting toward your annual deductible and out-of-pocket maximum.

How does my co-pay accumulator affect my out-of-pocket costs in 2025*?

Coverage begins January 1

- **Medication cost:** $2,000
- **Accumulation begins:**
  Manufacturer co-pay card dollars do not count toward deductible and OOP maximum
  $2,000 medication cost
  - $1,995 manufacturer co-pay card
- **Member cost share:** $5
- **Applied to deductible:**
  $5 applied to member's deductible

Dollars applied to OOP maximum†:

$5 applied to member's OOP maximum

Where co-pay accumulator programs are not in effect, the full $2,000 would be applied to meet the member's deductible and OOP maximum.

What is the Medicare Prescription Payment Plan (M3P)?

The M3P is a part of the changes that have been put into place by the IRA. The program is optional and allows enrollees who opt in to pay their OOP prescription costs as monthly payments instead of all at once.[4]

How does the M3P affect how I pay for my medications?

The Medicare Prescription Payment Plan makes it possible for you to pay a monthly rate for your prescriptions instead of paying for them in full at your pharmacy.

It is important to note that M3P **does not reduce** the amount of OOP costs, it helps to alleviate any financial burden by spreading costs throughout the year.[4]

Are there eligibility requirements to opt in for the M3P plan?

Anyone who is enrolled in Part D coverage has the option to opt in for the payment plan, including enrollees that participate in the Extra Help program.[4]

How can I opt in for the M3P plan?

If you are a Part D enrollee, you can opt in for the plan during Medicare Open Enrollment or during any month during a plan year.[2]

How will I be billed for my prescriptions if I opt in for the M3P plan?

When you enroll for the M3P plan, you will pay $0 to your pharmacy (including mail order and specialty pharmacies) for your covered prescription.

After you receive your prescription, you will receive monthly bills that distribute the total cost of your OOP prescription costs throughout the year. The bill total is calculated based on the amount you owe, plus any remaining balances you have, divided by the number of months left in the year.

For example, if you opt in to the plan and are prescribed a new prescription in January that costs $1500 and have no previous payment balance, you would be billed $125 a month for your prescription.[6]

($1500+$0)/12=$125

Prescription *Balance* *Months* *Payment*

What do payments look like if I opt in for M3P after January?

If you opt in for M3P after January, you will still be able to pay monthly installments for your prescriptions, but you will pay more per month.

See the table below for an example of what OOP costs look like if you enroll in the plan in January versus enrolling later in the year.

		Payment Option 1 You do not opt in to the *Medicare Prescription Payment Plan*	**Payment Option 2** You opt in to the *Medicare Prescription Payment Plan in January*	**Payment Option 3** You opt in to the *Medicare Prescription Payment Plan in July*
Your Monthly Out-of-Pocket Amount	**Jan**	$2,000	$167	
	Feb	$0	$167	
	Mar	$0	$167	
	Apr	$0	$167	
	May	$0	$167	
	Jun	$0	$167	
	Jul	$0	$167	$333
	Aug	$0	$167	$333
	Sep	$0	$167	$333
	Oct	$0	$167	$333
	Nov	$0	$167	$333
	Dec	$0	$167	$333
	Total	**$2,000**	**$2,000**	**$2,000**

Dollar amounts have been rounded.

What happens if I miss a payment? Will I be responsible for paying interest?

If you miss a payment, you will not be charged any interest. You will receive a notice of missed payment and have a 2-month grace period to pay the balance.

If you fail to make payments during the grace period, you will be terminated from the program and your sponsor plan will contact you to collect the remainder of what you owe. Termination from M3P does not affect Medicare Part D coverage.[4,6]

If I am terminated from M3P is there any way that I can re-enroll?

If you are terminated from M3P and pay your outstanding costs in full you will be allowed to re-enroll in the program.[6]

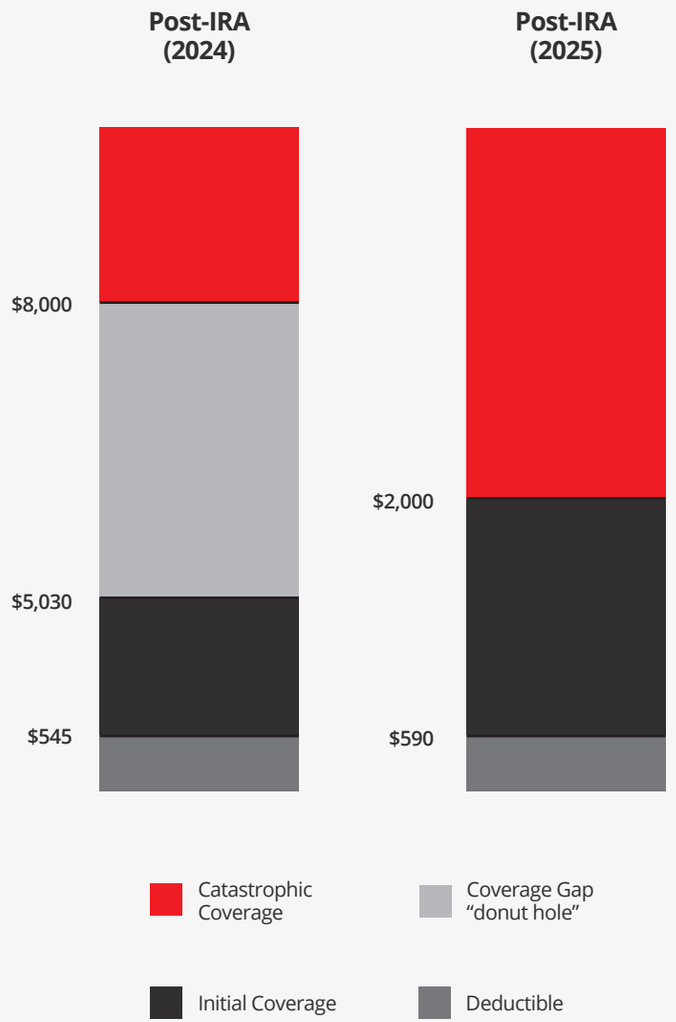
What will my Medicare Part D OOP costs be in 2025?

In 2024, Medicare costs were separated into 3 separate phases after the patient's deductible, which may be up to $545,* was reached: initial coverage, the coverage gap ("donut hole"), and catastrophic coverage.[7,8]

The initial coverage period required enrollees to pay a co-payment or coinsurance until their OOP costs (including deductible) reached $5,030. At $5,030, the coverage gap or "donut hole" phase of coverage began and enrollees continued paying a 25% coinsurance until paying $8,000 OOP. If an enrollee hit $8,000 OOP, they would enter the catastrophic phase of coverage and pay $0 towards the remainder of their prescription costs.[7,8]

In 2025, these phases of coverage have been changed. After the $590 deductible is met, the initial coverage phase begins. During the initial coverage phase, patients are responsible for paying a 25% coinsurance until reaching $2,000 of OOP costs. Once this threshold is met, patients enter catastrophic coverage and pay $0 toward their prescription costs. The coverage gap no longer exists.[9]

Medicare Part D coverage phases



*Some patients may have no deductible.

Notes

Use this section to write down any notes or questions you may have for your doctor and/or healthcare plan about your prescription drug coverage.

References: 1. CMS releases 2024 projected Medicare Part D premium and bid information. Centers for Medicare & Medicaid Services. July 31, 2023. Accessed August 13, 2024. https://www.cms.gov/newsroom/fact-sheets/cms-releases-2024-projected-medicare-part-d-premium-and-bid-information **2.** An overview of the Medicare Part D prescription drug benefit. Kaiser Family Foundation. October 17, 2023. Accessed August 13, 2024. https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/ **3.** Copay accumulators and copay maximizers. American Society of Clinical Oncology (ASCO). Accessed August 13, 2024. https://society.asco.org/sites/new-www.asco.org/files/content-files/advocacy-and-policy/documents/2021-AccumulatorsPolicyBrief.pdf **4.** Fact sheet: Medicare prescription payment plan final part one guidance. Centers for Medicare & Medicaid Services. February 2024. Accessed August 13, 2024. https://www.cms.gov/files/document/fact-sheet-medicare-prescription-payment-plan-final-part-one-guidance.pdf **5.** Inflation Reduction Act of 2022, HR 5376, 117th Cong (2021-2022). Accessed August 13, 2024. https://www.congress.gov/bill/117th-congress/house-bill/5376 **6.** Data on File. Takeda Pharmaceuticals. 2024. **7.** Copayment/coinsurance in drug plans. Medicare.gov. Accessed August 13, 2024. https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/copaymentcoinsurance-in-drug-plans **8.** Phases of Part D coverage. Medicare Interactive. Accessed August 13, 2024. https://www.medicareinteractive.org/get-answers/medicare-prescription-drug-coverage-part-d/medicare-part-d-costs/phases-of-part-d-coverage **9.** Draft CY 2025 Part D redesign program instructions fact sheet. Centers for Medicare & Medicaid Services. January 31, 2024. Accessed August 13, 2024. https://www.cms.gov/newsroom/fact-sheets/final-cy-2025-part-d-redesign-program-instructions-fact-sheet

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