Medicare Part D 2025 Update

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Medicare Part D Program Coordinator

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SHIP State Health Insurance Assistance Program

Acknowledgement

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Agenda

- Medicare Part D overview
- Medicare Part D plans 2025
- 2025 Medicare Part D Redesign
- TrOOP, SEPs and other changes
- Medicare Prescription Payment Plan (M3P)
- Miscellaneous

Medicare Part D Overview

Medicare Part D Eligibility and Enrollment

- Must be enrolled in Medicare Part A and/or Part B
  - If no enrollment, may be subject to late enrollment penalty
- Must live in the region in which the plan is offered
  - The entire state of Wisconsin is considered a Part D region
- Must not be incarcerated
- Must apply and be accepted into the plan
  - In Wisconsin all Part D plans are available in all counties
  - Only differences are the pharmacy network in each county

Medicare Part D coverage

- Covers prescription drug medications
  - Approved by the FDA
  - Prescribed for a medically accepted indication
- Excludes some medications from coverage, e.g.
  - Cough medications
  - Vitamins and minerals, except for prenatal vitamins and minerals
  - Weight loss/gain medications
- Not all medications available are covered
  - Plans are only required to cover 2 of the most commonly prescribed medication in each therapeutic category
- Plans have formularies that delineate the scope of their coverage

Considerations for Open Enrollment

- Is the plan renewing?
  - Will have to change plan if not renewing
- Are there pharmacy network changes?
  - Pharmacy may not longer be preferred
  - Pharmacy may be out of network
- Is the premium, copay/coinsurance increasing or decreasing?
  - Affordability
- Formulary changes?
  - Will all medications continue to be covered in the coming year

2025 Medicare Part D Plans and Premiums

Prescription Drug Coverage - General Information | CMS

2025 Plan Changes

- 16 Stand alone Prescription Drug Plans - see landscape
- 6 low cost plans
  - Wellcare Classic
  - SilverScript Choice
  - Cigna Healthcare Assurance Rx (name change from Cigna Secure Rx)
  - Humana Basic Rx Plan
  - AARP Medicare Rx Saver from UHC (slight name change)
  - Clear Spring Health Value Rx
- Clear Spring Health Value Rx is still under sanction
  - Clear Spring Premier Rx has been added for 2025

Plans Leaving in 2025

- SilverScript - no crosswalk information available
  - Silverscript Plus
  - Silverscript Smart Saver
- Mutual of Omaha - all plans
  - Mutual of Omaha Rx Plus
  - Mutual of Omaha Rx Premier
  - Mutual of Omaha Rx Essential -

Counselor Note: Plans that are not renewing must notify members approximately 60 days before ending. The letters should be mailed no later than October 31.

Non Renewing PDP SEP

- AEP does not apply
  - Clients can wait until after the AEP to make a choice
- Plan member can change between December 8 - February 28
- Use the SEP for non renewing plans/contract termination.

Counselor Note: Use the SEP chart that is found in the training materials to make sure you are using the correct SEP.

2025 Part D Premiums

- Regional premiums
  - Premiums range from $0 - $130.80
- National Base Premium = $36.78
  - Used to determine the Late Enrollment Penalty
- Regional LIS Benchmark = $43.51
  - Used to determine if a basic plan is a low cost plan for Low Income Subsidy purposes
  - Used to designate the Standard Basic plan structure premium amount aside of any enhanced plan premium amounts.

Counselor Note: Do **not** confuse the National Base Premium with the Regional Benchmarks. They are two different numbers and relate to two different determinations of Part D premium payments.

Medicare Part D Redesign

Medicare Part D Redesign

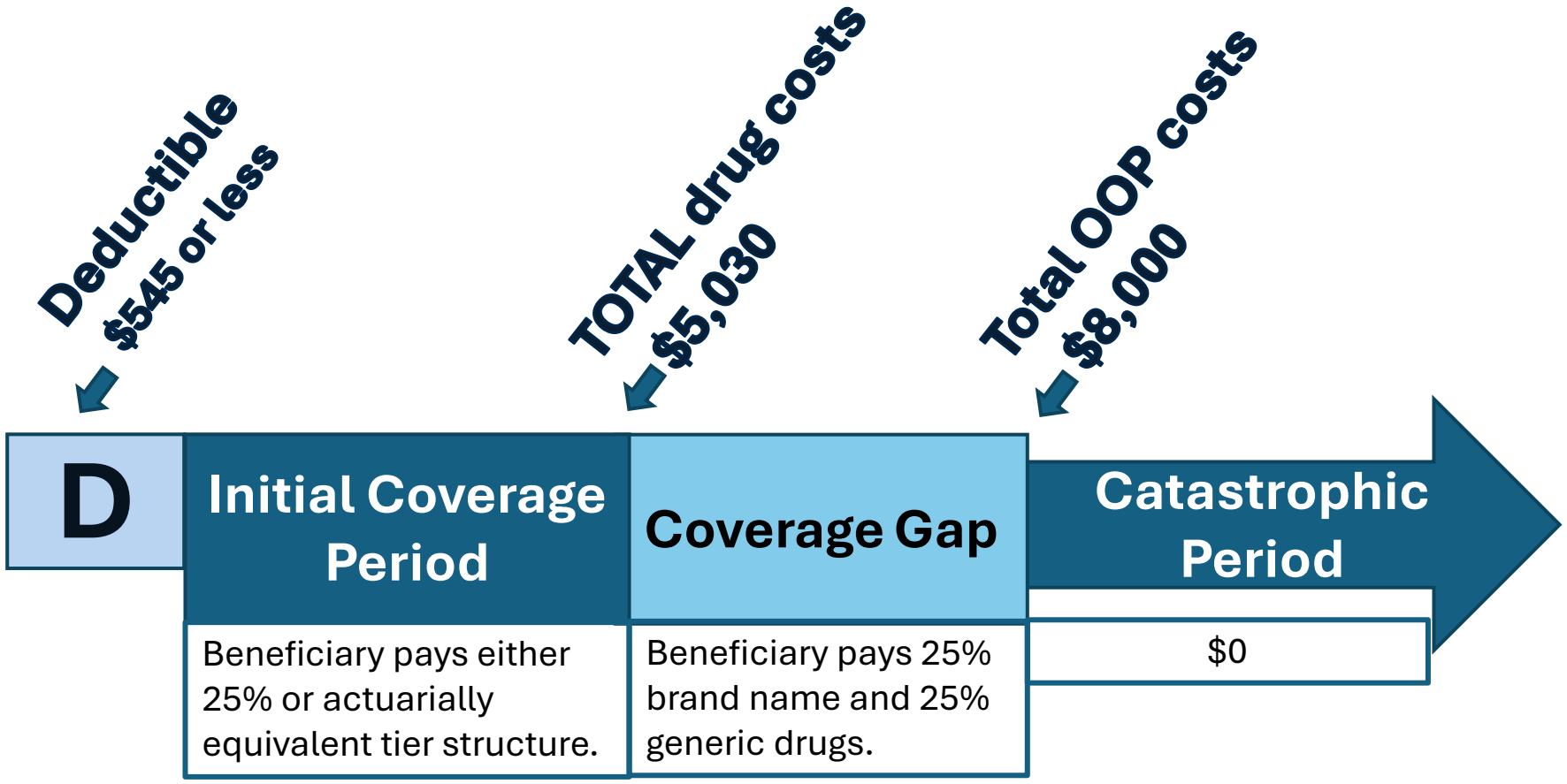
Inflation Reduction Act of 2022 changed Part D January 1, 2025

- Elimination of the coverage gap and reduction of the out of pocket threshold to $2000
- Creation of the Discount Program
- Changes in the liability of enrollees, sponsors, manufacturers and CMS in the new standard Part D benefit design
- Provision of the Medicare Prescription Payment Plan

Part D Benefit Parameters for Defined Standard Benefit for CY 2024 and CY 2025 for Non-LIS Beneficiaries

	2024		2025[57]	
Deductible Phase	Cost sharing: 100%		Cost sharing: 100%	
	Deductible: $545		Deductible: $590	
Initial Coverage Phase	Cost sharing: 25% Plan Pays: 75%		**Applicable Drugs** Cost sharing: 25% Plan Pays: 65% Manufacturer Discount: 10%	**Non-Applicable Drugs** Cost sharing: 25% Plan Pays: 75%
	Initial Coverage Limit: $5,030		Initial Coverage Limit: Not Applicable	
Coverage Gap	**Applicable Drugs** Cost sharing: 25% Plan Pays: 5% Manufacturer Discount: 70%	**Non-Applicable Drugs** Cost sharing: 25% Plan Pays: 75%	N/A	
	Out-of-Pocket Threshold: $8,000		Out-of-Pocket Threshold: $2,000	
Catastrophic Phase	Plan Pays: 20% Reinsurance: 80%		**Applicable Drugs** Plan Pays: 60% Manufacturer Discount: 20% Reinsurance: 20%	**Non-Applicable Drugs** Plan Pays: 60% Reinsurance: 40%

2024 Medicare Part D Standard Structure



Effective January 1, 2024 – December 31, 2024

2025 Part D Standard Structure

Deductible Phase $590	Initial Coverage Phase $2000	Catastrophic Phase
Beneficiary pays full cost of medications	Beneficiary pays either 25% or actuarially equivalent tier structure cost.	Beneficiary pays $0

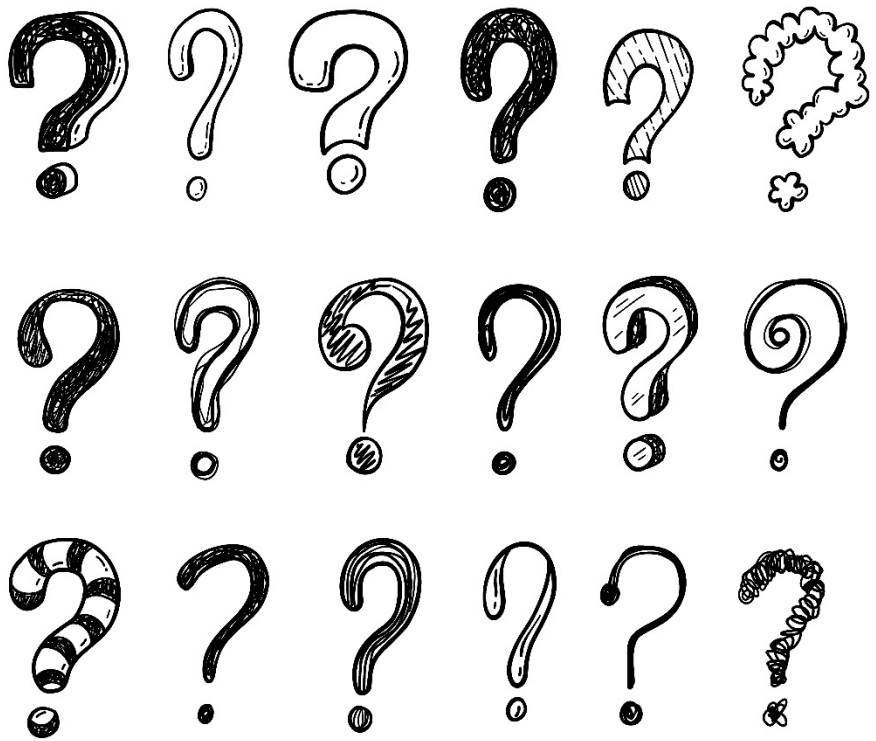
2025 Medicare LIS Structure

Initial Coverage Phase $2000	
	Beneficiary Cost Sharing Amount
Category 1- ≥ 100% FPL	Copay $4.90/generic $12.15/other
Category 2 - < 100% FPL	Copay $1.60/generic $4.80/other
Category 3 - HCBS/SNF	Copay $0

Summary of Plan Member Liability

- Deductible Phase
  - Plan member is liable for the full cost of plan covered medications up to the plan deductible amount
- Initial Coverage Phase
  - Plan member is liable for 25% of the plan's negotiated cost of covered medication or tier cost of covered medication
- Catastrophic Phase
  - Plan member pays zero cost sharing for covered medications.
  - Plan and manufacturer discounts assume all costs

Counselor Note: Do **not** count the full cost of medications during the initial coverage phase. Only the amount paid out of pocket and any applicable drug manufacturer discount and supplemental coverage count toward meeting TrOOP.



Questions?

2025 Changes to TrOOP and Discount Program

Manufacturer Discount program

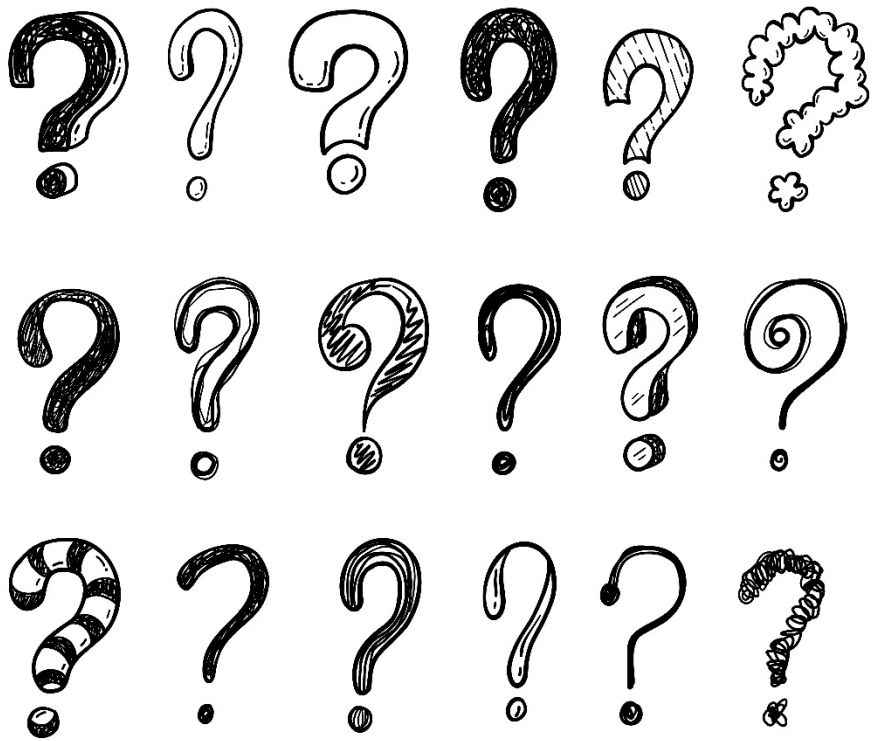
- Coverage Gap Discount Program (CGDP) will sunset December 31, 2024
- Manufacturer Discount Program will begin January 1, 2025
- The discount will help move through the $2000 out of pocket faster
  - Discounts will start applying in initial coverage phase.
  - Discount will count as OOP payment
  - Only for applicable drugs
    - Drugs that meet the definition of a Part D drug, i.e., not excluded

Changes in True Out of Pocket Costs (TrOOP)

- TrOOP is spending on covered Part D drugs that is counted toward the OOP threshold to reach the Catastrophic Level of coverage
- Nothing has changed in the original definition of TrOOP
  - The same costs paid by members and/or others that have been defined in the guidance since 2006 still count toward TrOOP
  - Refers to Applicable drugs
- For 2025, payments made by the plan and discounts count toward TrOOP
  - Includes payment for drugs not subject to the deductible and costs for insulin

What Counts Toward TrOOP - 2025

- Supplemental coverage
  - Any costs “reimbursed through insurance” are considered TrOOP
    - Costs covered by an employer group waiver plan (EGWP)
    - Costs covered by Enhanced Alternative (EA) and Basic Alternative (BA) plans
  - Reduction of Deductible in EA and BA plans
    - A plan reduces the deductible to $100
      - The $490 is considered supplemental coverage and is counted toward TrOOP
  - Costs of medications ‘not subject to the deductible’
    - Tier one drugs in some plans
- Plan reductions in cost sharing in D-SNPs
  - Zero cost sharing
- Manufacturer payments made under the Discount Program
  - 10% manufacturer payment for applicable drugs
- M3P costs paid by plan



Questions?

5-Minute Break

Medicare Prescription Payment Plan

Medicare Prescription Payment Plan | CMS

Medicare Prescription Payment Plan (M3P)

- Signed into law as part of the Inflation Reduction Act of 2022
- Requires Part D plans give the option to members of spreading out of pocket drug costs over the plan year
- Must be offered by all plans
  - Stand alone PDPs
  - MAPDs
- Not everyone will benefit
  - Those with LIS do not need to enroll

Fact Sheet: Medicare Prescription Payment Plan (cms.gov)

Plan Sponsor Requirements

- Plan sponsors must give all members the option to participate
- All drug plan sponsors are required to identify members most likely to benefit
- Plans must send all members information on how to enroll and disenroll
- Plans must determine a monthly maximum cap amount
  - Per month/per plan member
- Bill the participant an amount not to exceed the maximum monthly cap
- Have a in place a mechanism to notify a pharmacy if a member will likely benefit from the M3P

Eligibility

- Any plan member
  - Can opt into the payment plan at anytime during the year
    - The earlier in the year the better for spreading out the costs
  - Enrolling will not save money or cause the beneficiary to move through the Initial Coverage phase faster
- Just because a beneficiary can enroll does not mean that it will be beneficial
  - Those with LIS will **not** benefit
  - Plans that offer $0 copays on medications to members may not benefit

How to Enroll/Opt into M3P

- Enrollment is not automatic
  - Beneficiaries must actively apply
  - Cannot apply with the initial application to enroll in a plan
  - Plans will not send application materials with membership card/information
  - Payment plan application must be sent in a separate mailing
- Cannot enroll at the pharmacy counter
  - Pharmacy must give information, but must refer patient to their plan to enroll
- Must fill out an application by contacting the plan
  - Paper
  - Online
  - Telephonic
- Determination of eligibility must be done within 24 hours

How will the M3P work for Beneficiaries

Plan members who opt into the plan:

- Pay $0 for medications at the pharmacy counter
  - The plan will pay the full amount of the negotiated price to the pharmacy
    - Includes the beneficiary copay/coinsurance amount
- Receive a bill from the plan for their cost sharing for the medication(s)
  - Bills will reflect charges from the previous month
    - E.g., February bill will reflect January amount due
  - Last bill of the year will be received and due in January 2026
    - For those who opted in and payments extend throughout the calendar year

MedicareRx
Prescription Drug Coverage

Premium = $35

Deductible = $590

Tier 1 $0

Tier 2 $5

Tier 3 $15

Negotiated retail costs

• Eliquis	$590	Tier 3
• Jardiance	$105	Tier 3
• atorvastatin	$ 5	Tier 1

Total monthly cost after meeting deductible $30

Supplemental benefit = $175

How to calculate the First month payment

Maximum True Out Of Pocket (TrOOP) cost for the year = $2,000

January TrOOP cost $590 + $30 = $620

No previous incurred costs for January

$$\textit{First Month Maximum Cap} = \frac{\textit{Annual OOP Threshold} - \textit{Incurred Costs of the Enrollee}}{\textit{Number of Months Remaining in the Plan Year}}$$

First month amount due

January amount due is $166.67 because the out of pocket amount is higher than the maximum amount that the plan can bill.

$2000 - $0 costs ÷ 12 = $166.67

Client cannot be billed any more than the maximum amount determined by the formula.

Subsequent month calculation

$$\textit{Subsequent Month Maximum Cap} = \frac{\textit{Sum of Remaining OOP Costs Not Yet Billed to Enrollee} + \textit{Additional OOP Costs Incurred by the Enrollee}}{\textit{Number of Months Remaining in the Plan Year}}$$

- Pays $166.67 which is subtracted from the $620 = $453.33
- February pays $30 for refills $453.33 + $30 = $483.33

$483.33 ÷ 11 = $43.94

Plan member cannot be billed more the amount due

Supplemental TrOOP benefit

- Cost for all three medications is $700 and plan has a flat tier copay amount of $30 for these applicable medications
  - Enhanced alternative plan
- Supplemental TrOOP coverage will be the 25% of the actual negotiated price of the medications
- This amount will be added to the TrOOP to reach the maximum $2000 OOP threshold

$700 * .25 = $175

Month	OOP Costs Incurred	Change in TrOOP	Maximum Monthly Cap	Monthly Participant Payment
January	$620.00	$620.00	$166.67	$166.67
February	$30.00	$175.00	$43.94	$43.94
March	$30.00	$175.00	$46.94	$46.94
April	$30.00	$175.00	$50.27	$50.27
May	$30.00	$175.00	$54.02	$54.02
June	$30.00	$175.00	$58.31	$58.31
July	$30.00	$175.00	$63.31	$63.31
August	$30.00	$175.00	$69.31	$69.31
September	$30.00	$155.00	$76.81	$76.81
October	$0.00	$0.00	$76.81	$76.81
November	$0.00	$0.00	$76.81	$76.81
December	$0.00	$0.00	$76.80	$76.80
TOTAL	**$860.00**	**$2,000.00**		**$860.00**

Counselor Note

If asked about the M3P

- Screen
  - Is the person eligible for any extra help or a Medicaid program?
  - Use the cost preview in the plan finder
- Explain
  - Must continue to pay monthly premium
    - Can be disenrolled from plan if premium is not paid
  - Must pay prescription payment plan amount
    - Can be disenrolled from M3P if payment is not made
    - If disenrolled, will only lose the payment plan and will continue with PDP
      - Will still owe the past amount due

Other M3P considerations

- A new prescription can/will change the payment plan amount
  - Even if there is no new Rx, the amount due each month can change
- Will Diabetic supplies covered by Part D can add to the cost?
  - No answer yet
- Pharmacy responsibility
  - No POS enrollment in 2025
  - Pharmacy must inform the beneficiary if they may benefit if drug costs over $600
- Use the Plan Finder cost estimator
- Use the Medicare Eligibility Wizard

Resources

- Check eligibility wizard

What's the Medicare Prescription Payment Plan? | Medicare

- Fact Sheet

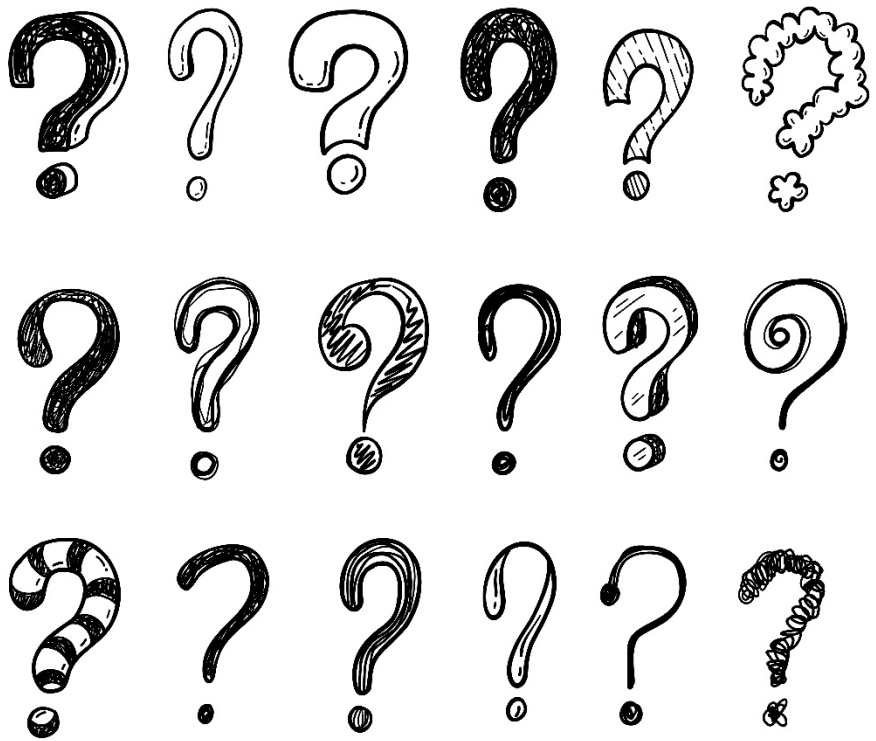
What's the Medicare Prescription Payment Plan?

- Partners Policy Questions and Answers

2019-2020 Standard Drug Costs (gwaar.org)

- Model notices

https://www.cms.gov/files/zip/medicare-prescription-payment-plan-model-materials.zip



Questions?

Miscellaneous and other thing to be aware of during the OEP

Creditable Coverage

- Creditable coverage is prescription drug coverage that is expected to pay, on average, as much or more that the defined standard Part D structure
- The Part D change to a $2000 cap may have potential consequences to whether a health insurance prescription coverage can be assessed as creditable.
- The actuarial method of determining creditable coverage has not changed from 2005.

Counselor Note:

See eCFR :: 42 CFR 423.56 -- Procedures to determine and document creditable status of prescription drug coverage.

What Prescription Drug Coverage MAY be Considered Creditable

- Former or current employer or union GHP
- Veteran's Affairs, TRICARE
- Indian Health Services
- Federal Employee Health Benefits Program

Counselor Note:

GoodRx, Singlecare, discount programs are not considered creditable. Employers must notify CMS and notice of creditable coverage must be sent every year to Part D eligible beneficiaries.

What is counted as Creditable Coverage?

- Most GHP insurances have two parts
  - Medical insurance
  - Prescription drug coverage
- Only the prescription drug coverage part is potential creditable coverage
  - The medical insurance is **not** considered creditable

Counselor Note:

Do not confuse COBRA with retiree or GHP insurance. COBRA prescription drug coverage may be considered creditable for Part D purposes only. Always ask about creditable coverage.

Coverage of HIV and PrEP Drugs

Change in coverage from Part D to Part B for certain oral and injectable PrEP drugs for those at high risk.

- Final LCD posted and effective (enter date)
- Some PrEP drugs are both a retroviral and used for PrEP
- Antiretrovirals will continue to be covered by Part D
- Pharmacy must be a Part B DMEPOS and/or Part B pharmacy provider to bill.

Counselor Note: Those with HIV and who use antiretroviral drugs to treat HIV, Part D will continue to cover these drugs, even though these may be the same drugs that are used for HIV PrEP. Check with a helpline for questions on coverage.

Anti Obesity Medications (AOM) and Part D

The statutory exclusion of drugs used for weight loss/gain has not changed from the original Part D guidance effective January 1, 2006.

- CMS has clarified guidance for AOM drugs that have an additional FDA approved medically accepted indication
- Plans can cover these drugs with utilization management tools in place

For example, Wegovy:

- Used for Diabetes management and is also FDA approved for:
  - Reducing the risk for major cardiovascular events
    - For those with established cardiovascular disease

Low Income Newly Eligible Transition (LINET)

- Available for those who qualify for Extra Help/LIS
  - Must not be enrolled in a MAPD or PDP
  - Temporary Part D coverage
  - Open formulary and pharmacy network
- Can be enrolled at point of sale at the pharmacy counter
  - 4 steps for Pharmacists
- Will receive a card and welcome letter
  - Administered by Humana and considered a PDP
- Usually enrolled 2 months
  - CMS will auto enroll in a low cost plan
- Can be retroactive up to 36 months

Counselor note: Use LINET to help your clients avoid premiums, deductible and possible non formulary medication costs.

Transition Fill

- Available to all PDP members during the first 90 days of the current plan year
  - Only for medications that are not on formulary
  - Does not apply to excluded medications or off label usage
- One time use only
  - Coverage edits may apply
- Plan will send a letter within 3 days to plan member regarding the medication coverage and exception process

Use the Correct SEP for new to Medicare

- Use the correct order of SEP for those new to Medicare during the OEP
- New to Medicare during their IEP
  - OEP does not apply
  - IEP should be used
  - Once the IEP is used cannot be used again after Medicare begins

The ranking for the use of SEPs especially applicable during the OEP

1. IEP
2. SEP
3. OEP

Final Thoughts

- 2025 is a new way to look at Part D
- Beneficiaries will be confused
- We as counselors/advocates will be confused
- Make sure to get all paperwork when a person has questions about the payment plan and how much they pay.
  - Absolutely no guessing!
- Ask questions!!! Ask for help!!!

We are all learning this together!

Ginger Rogers

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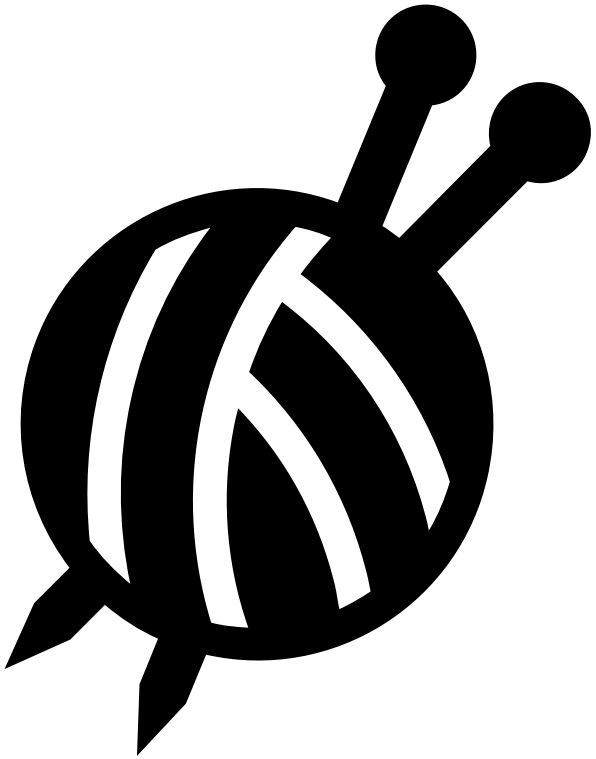

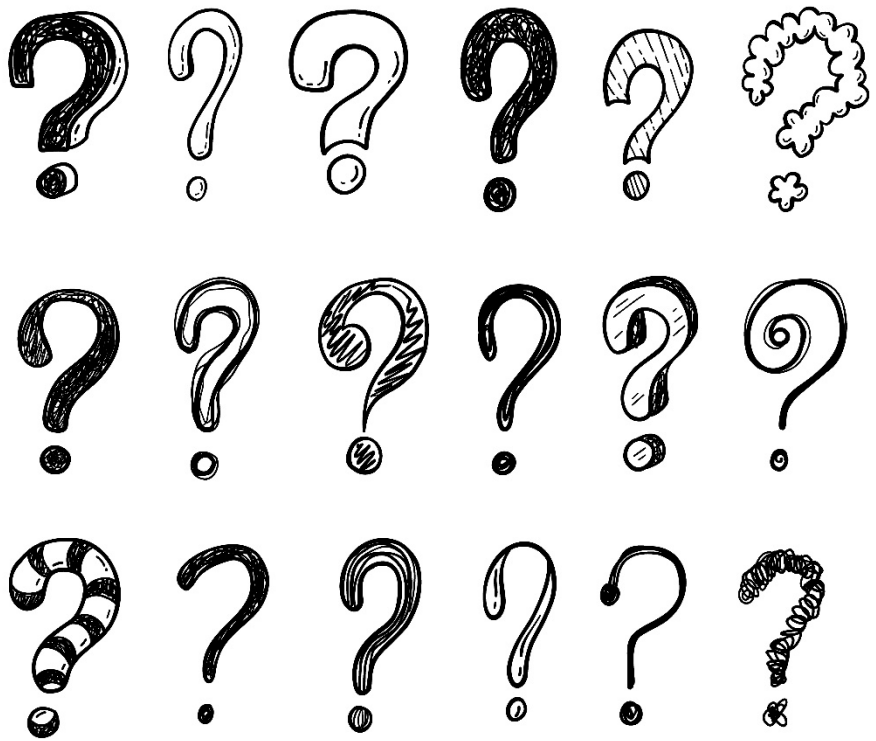

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