

MEDICARE PART D PRESCRIPTION DRUG COVERAGE INFORMATION FOR CONSUMERS - 2025

THE BASICS

Medicare provides an optional prescription drug benefit, Medicare Part D. All persons who qualify for Medicare are eligible to apply for Part D, regardless of income or resources, health status, or current prescription expenses. Medicare administers the Part D program, but contracts with private insurance companies to market their own prescription drug plans to the public. Most insurance companies provide several Part D plan options with differing premiums, deductibles and coverage. Part D plans may be stand-alone plans, or may be offered as part of a larger Medicare Advantage Plan

Once enrolled in a Part D prescription drug plan (PDP), you will receive a membership card to present at your pharmacy whenever you fill a prescription. The pharmacy will charge you a pre-determined co-payment, if any, and will then bill your Part D insurance provider for the remaining cost.

SELECTING A MEDICARE D PRESCRIPTION DRUG PLAN

There are three things to consider when selecting a Medicare Part D drug plan: **COVERAGE**, **CONVENIENCE** and **COST**.

COVERAGE: Each insurance company publishes a list (formulary) of all the brand-name and generic medications their plans cover. Companies may change their formularies each year, dropping or adding coverage for some medications. It is essential that you choose a plan that covers most or all your current medications – especially the most expensive ones - and that you review your plan's formulary each year when it becomes available.

Some insurance companies offer their plans only in certain states. If you spend part of the year in another state, choose a plan that will cover you there as well.

CONVENIENCE: Make sure the pharmacy you want to use is on the plan's list of preferred pharmacies. Some plans also offer the option for you to order your prescriptions by mail.

COST: Like other insurance plans, you pay a **monthly premium** and have an **annual deductible**. The premium amount will vary depending on your income and which Part D plan you choose.

All Medicare Part D prescription drug plans have **three benefit periods**:

- **The Initial Deductible Period**
- **The Initial Coverage Period**
- **The Catastrophic Benefit Period**

You progress through these benefit periods as the amount you and the plan pay for your medications accumulates.

During the **INITIAL DEDUCTIBLE PERIOD**, you pay 100% of the cost. **In 2025, the maximum deductible is \$590**, though different plans may charge lesser deductible amounts.

After you meet this deductible, you move to the **INITIAL COVERAGE PERIOD**. During this period, drug costs are split between you and the plan. You pay a 25% co-payment, with the remainder being covered by your Part D insurance and the drug manufacturer's discount. **Your out-of-pocket costs in 2025 are capped at \$2,000.**

Once you meet your annual out-of-pocket limit, you move to the **CATASTROPHIC BENEFIT PERIOD**. Here you will make no co-payments. Your insurance plan will pay 60% of the cost of covered drugs, the drug manufacturer offers a 20% discount and the rest is covered by Medicare.

Beginning in 2025, the law known as the **Inflation Reduction Act** requires all Medicare prescription drug plans - both stand-alone and Medicare Advantage drug plans - to offer enrollees the option to pay out-of-pocket prescription drug costs in the form of capped monthly installment payments instead of all at once at the pharmacy.

The Inflation Reduction Act also permits Medicare to negotiate with drug manufacturers for price reductions on the costliest brand-name drugs. In 2024, this resulted in the capping of the monthly price of insulin at \$35. Beginning in 2026, Medicare will add 10 more reduced-price drugs, and more will be phased in annually thereafter.

If you have limited income and resources, you may qualify for "Extra Help" and you may not have to pay a premium, deductible or co-payment. For more information or to apply for extra help, log on to <https://www.medicare.gov/basics/costs/help/drug-costs> or call 1-800-772-1213.

ENROLLING IN, SWITCHING AND DROPPING A MEDICARE DRUG PLAN:

To search for, and/or enroll in a Part D plan, call Medicare at 1-800-633-4227 or go to the Medicare Part D webpage: <https://www.medicare.gov/plan-compare/#/?year=2025&lang=en>

You will be asked for your state(s) of residence and the names and dosages of the medications you take. You will then be provided a complete list of Part D plans for which you can apply, along with information about their premiums, deductibles, co-payments and preferred pharmacies in your area.

If you would like personal assistance in selecting a Part D plan, you can find your local State Health Insurance Assistance Program at <https://www.shiphelp.org/>

In Nebraska, call toll-free: 1-800-234-7119 or log on to: <https://doi.nebraska.gov/consumer/nebraska-ship-smp>

In Iowa, call toll-free: 1-800-351-4664 or log on to: <https://shiip.iowa.gov/>

You should enroll in a Part D plan when you first become eligible for Medicare at age 65. If you do not, you must wait for the annual open-enrollment period. You will then have to pay a higher monthly premium that increases for every month you have delayed enrollment.

The annual open-enrollment period is October 15 – December 7, with coverage running from January 1 to December 31 of the following year. You may join, drop or switch a Part D plan at other times only in the following situations: if you move out of your plan's service area, if you lose drug coverage under your retirement, job or union benefit plan; if you qualify for low-income assistance or if you move to an assisted living or nursing facility.

Every year, as the open enrollment period approaches, you should compare your Part D plan's benefits for the following year to those offered by other plans. Each year, insurance companies change the cost and coverage of their plans, and you may want to switch to another plan for the coming year. If you are satisfied with your current plan and wish to continue it, you don't need to do anything more. Your current plan will automatically renew for the next year.

If you wish to switch coverage to a different plan, you can do this by contacting the insurance company in whose plan you wish to enroll, or by contacting Medicare at the website or phone number previously listed. Your new insurance plan will mail you enrollment materials and a membership card. You don't have to notify your current Part D plan provider. You will be automatically dropped from that plan when coverage in your new Part D plan begins.

ADDITIONAL FACTS:

MEDICARE D PLANS COVER ONLY PRESCRIPTION MEDICATIONS, not over-the-counter medications. Part D plans also do not pay for medications purchased from foreign pharmacies.

IF A MEDICATION YOU TAKE ISN'T ON YOUR PLAN'S FORMULARY, your Part D plan will pay for a one-time 30-day supply. This allows your doctor time to look for another drug in that formulary that may work equally well. If you have already tried similar drugs in the formulary without success, your doctor may contact your drug plan to request an "exception." If this request is approved, the plan will cover the drug.

IF YOU ARE ELIGIBLE FOR BOTH MEDICARE AND STATE MEDICAID, Medicare will automatically enroll you in a Part D plan. You will pay a minimal amount out-of-pocket for each covered prescription, and you will likely pay little or nothing for premiums and deductibles.

IF YOU CURRENTLY GET PRESCRIPTION COVERAGE FROM THE VETERANS ADMINISTRATION, TRICARE OR THE FEDERAL EMPLOYEE RETIREMENT PROGRAM, it may be best to keep your current prescription coverage. But, in some cases, adding a Part D plan can provide additional coverage and savings, especially if you qualify for "Extra Help" due to limited income and assets. Always check with your current insurance carrier before joining a Medicare Part D plan.

IF YOU HAVE PRESCRIPTION COVERAGE FROM A FORMER OR CURRENT EMPLOYER OR FROM A UNION, joining a Medicare Part D drug plan might cause you to lose all your employee/retiree or union benefits. Contact your employer or union benefits administrator for information.

MEDICARE ADVANTAGE PLANS (also known as “Medicare C”) may offer a more economical alternative to stand-alone Part D plans. Medicare Advantage plans bundle Medicare A, B and D coverage and may add additional benefits, such as dental and vision services and gym membership. However, Medicare Advantage Plans may restrict your choice of health care providers, hospitals and pharmacies; and may require prior authorization for some medical services.

For more information about Medicare Prescription Drug Coverage, contact Medicare at <https://www.medicare.gov/plan-compare/#/?year=2025&lang=en> or by calling 1-800-633-4227

You may download and print a copy of this and other patient education documents from the resources link on our Internet web site: <https://www.nebraskamed.com/geriatrics/resources>

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