



Actor portrayals.

Medicare Part D Updates and How They May Impact Your Patients' Out-of-Pocket (OOP) Costs

The Inflation Reduction Act of 2022 includes changes to Medicare Part D aimed at creating lower OOP costs for Medicare Part D patients.¹

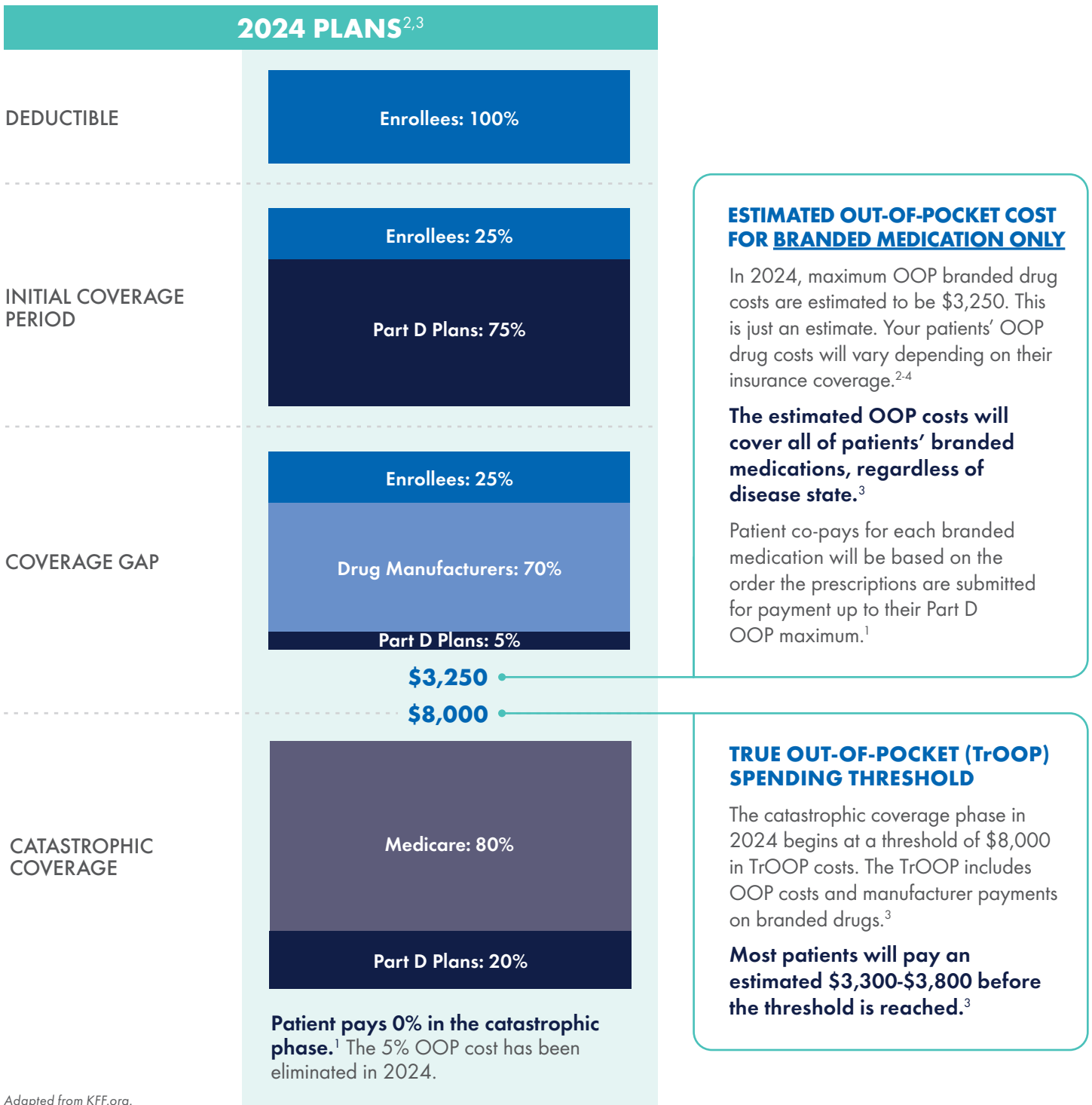
Learn more about Medicare Part D changes in **2024** and **2025** inside >



Mitsubishi Tanabe Pharma America

Changes to Medicare Part D in 2024

The changes that went into effect in **2024** were intended to **lower your Medicare Part D patients' OOP costs.**¹



Adapted from [KFF.org](https://www.kff.org).



Patients are still responsible for paying their premium.⁵ A new benefit verification needs to be run each year to determine their new annual costs.

Catastrophic coverage in 2024

In **2024**, the catastrophic coverage threshold is set at \$8,000.³

Patient cost responsibility in the catastrophic phase has also been eliminated in 2024, meaning patients will no longer have to pay 5% of their prescription drug costs once the \$8,000 threshold has been reached.³

To reach the \$8,000 TrOOP spending threshold, your patients' exact OOP costs will depend on their insurance coverage and the mix of brand and generic drugs they take³

Only brand name drugs

~\$3,300
TOTAL OOP COSTS

Average amount of generic drugs

~\$3,400
TOTAL OOP COSTS

Higher-than-average
amount of generic drugs

~\$3,800
TOTAL OOP COSTS

Only high-cost generic drugs*

~\$8,000
TOTAL OOP COSTS

To determine your Medicare Part D patients' TrOOP costs, you will need to run a new benefit verification.

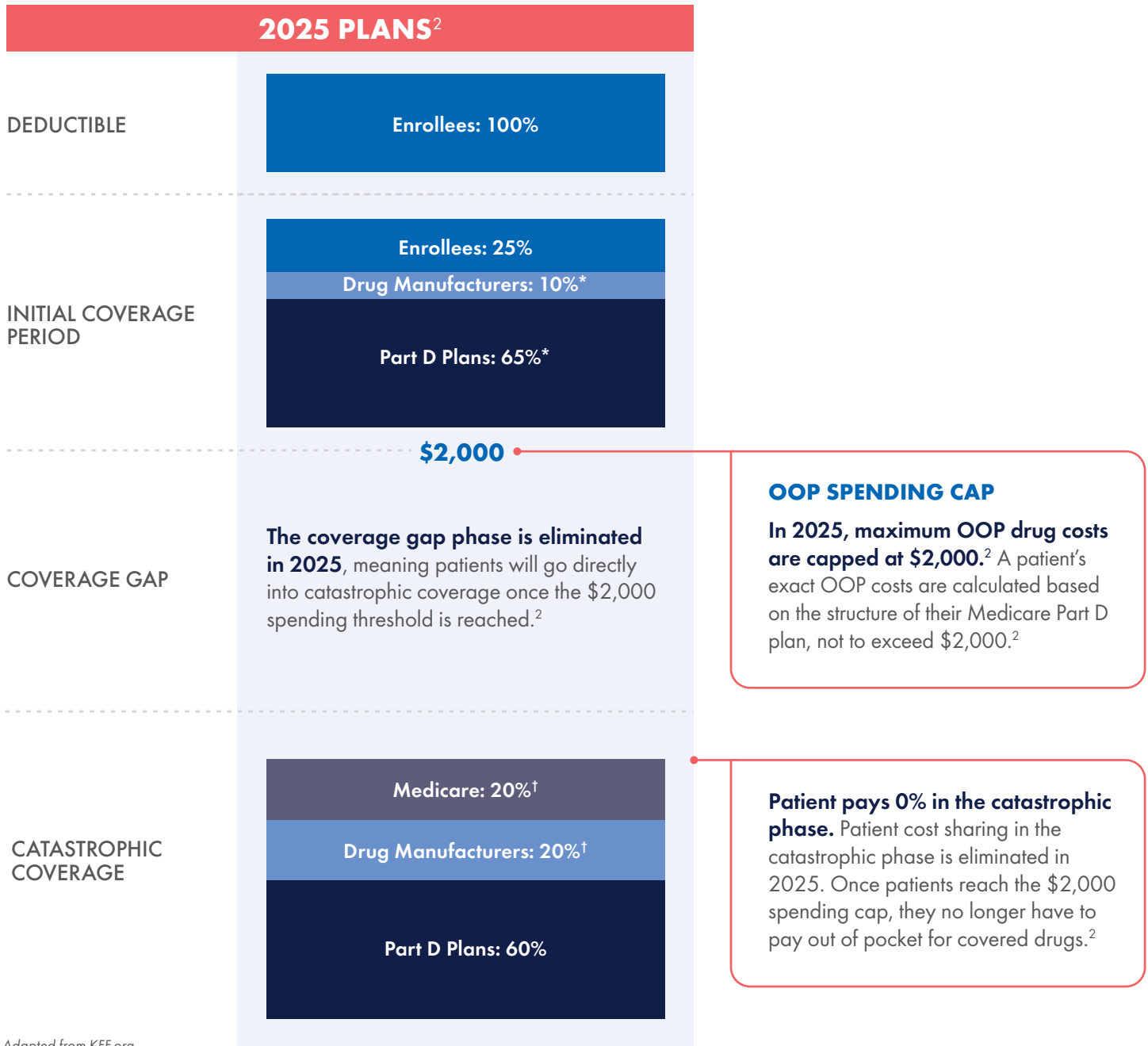


Please see [page 6](#) and [page 7](#) for examples of how your Medicare Part D patients may reach catastrophic coverage in 2024 and 2025.

*Less than 1% of patients with Medicare coverage who reach the catastrophic coverage phase use only generic drugs.³

Changes to Medicare Part D in 2025

Additional provisions that may help lower OOP costs for your patients go into effect in **2025**.²



Adapted from [KFF.org](https://www.kff.org).



Patients are still responsible for paying their premium.² A new benefit verification needs to be run each year to determine their new annual costs.

*In the initial coverage period in 2025, Part D program pays 65%-75%, and drug manufacturers pay 10% for some applicable drugs.²

†Over the \$2,000 threshold in 2025, Medicare pays 20%-40%, and drug manufacturers pay 20% for some applicable drugs.²

Catastrophic coverage in 2025

In **2025**, there is no patient cost responsibility in the catastrophic phase.²

OOP drug costs are capped at \$2,000 in 2025, meaning patients pay no more than that amount in OOP costs.²



Please see [page 6](#) and [page 7](#) for examples of how your patients may reach catastrophic coverage in 2024 and 2025.

The Medicare Prescription Payment Plan

The Medicare Prescription Payment Plan, also known as “smoothing,” is new in **2025**.⁴

Under this program, Part D plans are required to provide enrollees with an option to pay their OOP drug costs in the form of capped monthly installments. Patients have the option to pay over the course of the plan year, instead of all at once at the pharmacy.⁴

Here's an example* of how a patient's monthly OOP drug costs could break down under the smoothing program if they incur expenses in January and evenly spread the costs over the remaining months of the year:



*For example purposes only; not representative of all patient smoothing scenarios, which depend on benefits and when costs are incurred.

OOP spending for patients who reach catastrophic coverage in 2024 and 2025

2024 Most patients who reach catastrophic coverage in 2024 will pay between \$3,300 and \$3,800 in OOP costs for branded medications. The exact figure will depend on the mix of brand-name and generic drugs they are taking.³

2025 OOP spending in 2025 is capped at \$2,000. Once a patient spends \$2,000 in the deductible and/or initial coverage phases, they will pay \$0 in OOP costs for the rest of the year.²

The coverage gap phase is eliminated in 2025, meaning patients who reach the spending threshold will go directly into catastrophic coverage.²

Consider the following examples:



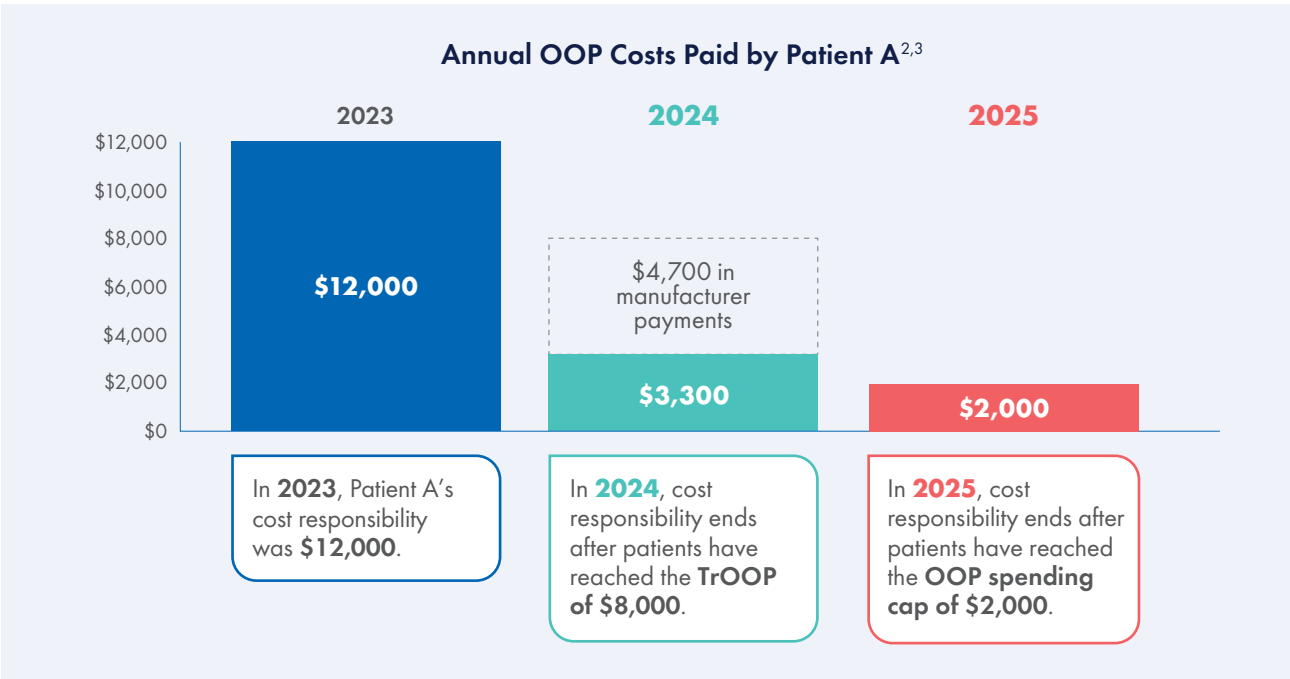
PATIENT A: 100% brand-name drugs, including high-cost drugs*

In 2024, Patient A receives \$200,000 in Medicare Part D covered brand-name drugs³

- Patient A pays \$1,666 in OOP costs before reaching the coverage gap phase, and 25% of drug costs in the coverage gap phase
- To reach the catastrophic coverage phase, Patient A paid \$3,300, and manufacturers paid \$4,700, totaling \$8,000 in true out-of-pocket (TrOOP) costs

In 2025, Patient A receives \$200,000 in Medicare Part D covered brand-name drugs²

- Patient A pays \$2,000 in OOP costs, meeting the spending threshold, and moves into catastrophic coverage
- At this point, Medicare, drug manufacturers, and Part D plans pay the remaining OOP costs for the rest of the year
 - Medicare and drug manufacturers each pay 20% of remaining costs, and Part D plans pay 60%



*Patient profiles have been adapted from [CMS.gov](https://www.cms.gov) and are for example purposes only. Accessed September 16, 2024.



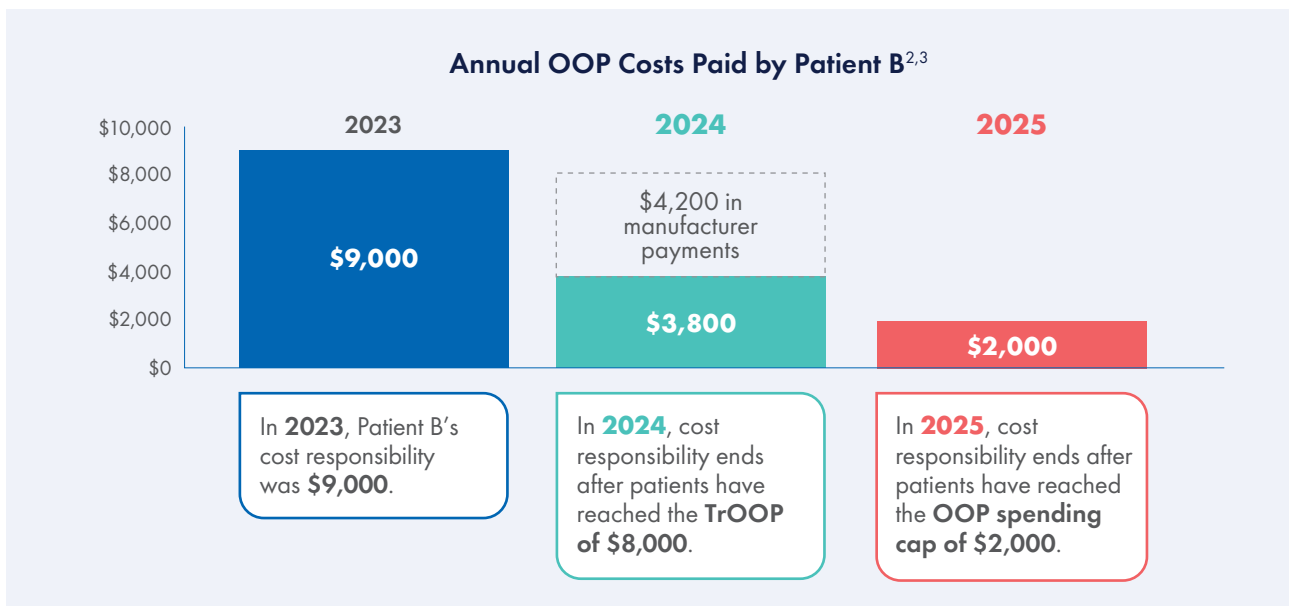
PATIENT B: A mix of brand-name and generic drugs*

In **2024**, Patient B takes a mix of Medicare Part D covered brand-name and generic drugs with a total annual drug cost of \$132,000³

- Patient B pays **\$1,666** in OOP costs before reaching the coverage gap phase, and **25%** of drug costs in the coverage gap phase
- For **brand-name drugs**, the amount that Patient B pays and the amount the manufacturer pays in the coverage gap phase both count towards the TrOOP. However, for **generic drugs**, only the patient's OOP spending counts
- To reach the catastrophic coverage phase, Patient B paid **\$3,800**, and manufacturers paid \$4,200, totaling **\$8,000** in TrOOP costs

In **2025**, Patient B takes a mix of Medicare Part D covered brand-name and generic drugs with a total annual drug cost of \$132,000²

- Patient B pays **\$2,000** in OOP costs, meeting the spending threshold, and moves into catastrophic coverage
 - How quickly Patient B reaches the spending threshold depends on the **mix of brand-name and generic drugs** they receive, due to manufacturer payments and Medicare contributions
- At this point, Medicare, drug manufacturers, and Part D plans pay the remaining OOP costs for the rest of the year
 - Medicare pays 20%-40% of remaining costs, drug manufacturers pay 20% for some applicable drugs, and Part D plans pay 60%. The exact breakdown depends on drugs prescribed



Cost responsibility was highest in 2023 because patients continued to pay 5% of drug costs for the rest of the year after reaching the catastrophic phase.³

Important Updates to Medicare Part D for 2024 and 2025

✓ Changes to estimated OOP costs for branded medications

- OOP drug costs will vary based on your patients' insurance coverage and the type of drug(s) they take³

✓ Patient cost sharing in the catastrophic coverage phase will decrease year by year

- In **2024**, there is a spending threshold of \$8,000. The 5% patient OOP costs have also been eliminated, meaning patients no longer have to pay drug costs in the catastrophic phase once they reach the threshold³
- In **2025**, cost sharing in the catastrophic phase is eliminated entirely²

✓ **New in 2025:** The Medicare Prescription Payment Plan

- This allows patients to pay for OOP drug costs in the form of capped monthly installments over the course of the plan year⁴



If your patients have any questions about coverage or out-of-pocket costs, they should contact their health insurance representative or visit [Medicare.gov](https://www.medicare.gov).



To learn more about these updates and how they may impact your patients, visit [Medicare.gov](https://www.medicare.gov).

By visiting certain websites included within this document, you will be taken to websites not hosted by Mitsubishi Tanabe Pharma America, Inc. Please note, Mitsubishi Tanabe Pharma America, Inc. does not control the content of third-party websites and our Privacy Policy does not apply.

 If you have questions about these updates, please speak to your dedicated MTPA Manager of Patient Access.

References: 1. Cubanski J, Neuman T. Changes to Medicare Part D in 2024 and 2025 under the Inflation Reduction Act and how enrollees will benefit. KFF. Accessed September 16, 2024. <https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflation-reduction-act-and-how-enrollees-will-benefit> 2. Cubanski J, Neuman T, Freed M. Explaining the prescription drug provisions in the Inflation Reduction Act. KFF. Accessed September 16, 2024. <https://www.kff.org/medicare/issue-brief/explaining-the-prescription-drug-provisions-in-the-inflation-reduction-act/> 3. Lower out-of-pocket drug costs in 2024 and 2025. Centers for Medicare & Medicaid Services. Accessed September 16, 2024. <https://www.cms.gov/files/document/lower-out-pocket-drug-costs-2024-and-2025-article.pdf> 4. Hagan KL, Niles A. Addressing Rx affordability. Pharmaceutical Commerce. Accessed September 16, 2024. <https://www.pharmaceuticalcommerce.com/view/addressing-rx-affordability> 5. Sayed BA, Finegold K, Anders Olsen T, et al. Inflation Reduction Act research series—Medicare Part D enrollee out-of-pocket spending: Recent trends and projected impacts of the Inflation Reduction Act. US Department of Health and Human Services. Accessed September 16, 2024. <https://aspe.hhs.gov/sites/default/files/documents/93a68f3c5ca949dcf331aa0ec24dd046/aspe-part-d-oop.pdf>



Mitsubishi Tanabe Pharma America

The corporate symbol of Mitsubishi Tanabe Pharma America is a registered trademark of Mitsubishi Tanabe Pharma Corporation. All other company names, product names, trade/service marks, or other trade names are the property of their respective owners. For US audiences only.

Mitsubishi Tanabe Pharma America, Inc.
525 Washington Boulevard, Suite 1100
Jersey City, NJ 07310

© 2024 Mitsubishi Tanabe Pharma America, Inc. All rights reserved. CNP-MTPA-US-0442 11/24