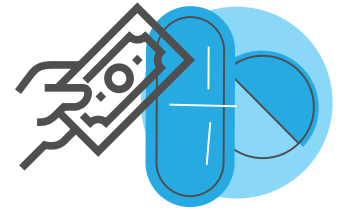


Fact Sheet: Medicare Prescription Payment Plan Final Part Two Guidance



In August 2022, President Biden signed the Inflation Reduction Act of 2022 (P.L. 117-169) into law. The prescription drug law improves Medicare by expanding benefits, lowering drug costs, and improving the sustainability of the Medicare program for generations to come. It provides meaningful financial relief for millions of people by improving access to affordable treatments and strengthening Medicare, both now and in the long run.

Beginning in 2025, the prescription drug law requires all Medicare prescription drug plans (Medicare Part D plans)—including both standalone Medicare prescription drug plans and Medicare Advantage plans with prescription drug coverage—to offer Part D enrollees the option to pay out-of-pocket prescription drug costs in the form of monthly payments instead of all at once at the pharmacy. This program, called the Medicare Prescription Payment Plan, will be helpful for people with high cost sharing earlier in the plan year by spreading out those expenses over the course of the plan year. While this program is available to anyone with Part D, the Centers for Medicare & Medicaid Services (CMS) is developing tools to help Part D enrollees and their caregivers decide whether the program is right for them, as not all enrollees may benefit from the program.

CMS is releasing final part two guidance that primarily focuses on Part D enrollee education, outreach, and communications related to the Medicare Prescription Payment Plan. This final part two guidance includes a summary of significant comments that CMS received in response to the draft part two guidance, which was issued on February 15, 2024, as well as the agency's response to those comments. This guidance additionally builds on the [final part 1 guidance](#), which focuses on operational requirements for the program, issued on February 29, 2024. It complements the technical memoranda CMS issued on [July 17, 2023](#), and [April 25, 2024](#). In addition to today's guidance, CMS is publishing six model documents through an Information Collection Request to support Part D sponsors in meeting their education, outreach, and communications requirements.

Q: What is the Medicare Prescription Payment Plan?

The Medicare Prescription Payment Plan is a new payment option created under the Inflation Reduction Act that requires Part D plan sponsors to provide their enrollees with the option to pay out-of-pocket prescription drug costs in the form of monthly payments over the course of the plan year instead of all at once to the pharmacy. The program begins on January 1, 2025. Program participants will pay \$0 to the pharmacy for covered Part D drugs, and Part D plan sponsors will then bill program participants monthly for any cost sharing they incur while in the program. Pharmacies will be paid in full by the Part D sponsor in accordance with Part D prompt payment requirements.

Q: What does the final part two guidance include?

The [final part two guidance](#) focuses on education and outreach for the payment option and contains:

- Outreach and education requirements for Part D plan sponsors, including requirements for member ID card or separate mailings, updates to current Part D materials, and website contents;
- Requirements for Part D plan sponsor communications with prospective and current program participants, particularly around election of the payment plan as well as voluntary removal, non-payment, and termination;
- Information about how CMS will perform outreach and education activities, including developing a fact sheet, takeaway card, and video; providing the ability to preview drug costs with and without the payment plan; modifying already existing Part D enrollee resources to include information on the program; and engaging interested parties through national outreach and education efforts;

- Additional operational requirements for Part D plan sponsors, including guidance for non-retail pharmacies and Medical Loss Ratio (MLR) instructions.

Q: What changed in the final part two guidance for the Medicare Prescription Payment Plan?

A key change in the final part two guidance is related to the requirements for Part D sponsors to establish mechanisms to identify Part D enrollees likely to benefit from the program throughout the plan year, in addition to notifications that happen at the pharmacy. While Part D sponsors are still required to establish reasonable procedures for performing this identification, they are no longer required to base their criteria on prior authorization processes specifically. Instead, they may develop their own methodology. Nothing regarding the point of sale (POS) identification and notification process changed in the final part two guidance.

Other updates include:

- A clarification that CMS does not expect Part D plans that exclusively charge \$0 cost sharing for covered Part D drugs to all plan enrollees to offer the option to pay their OOP costs through monthly payments over the course of the plan year or otherwise comply with the final part one guidance or this final part two guidance.
- A requirement for Part D sponsors to send the program election request form either via the membership ID card mailing or in a separate mailing sent out during the same timeframe.

Q: How must Part D plan sponsors educate their Part D enrollees on the Medicare Prescription Payment Plan?

Part D plan sponsors must include information about the Medicare Prescription Payment Plan in currently required Part D communications materials, including on their websites, in member ID cards or separate mailings, and notices to enrollees (e.g., Evidence of Coverage, Annual Notice of Change, and Explanation of Benefits documents). CMS developed new model and standardized materials to support Part D plan sponsors in communicating with current and prospective Medicare Prescription Payment Plan program participants. These materials were published through an Information Collection Request process. Part D plan sponsors will be

required to ensure that all required materials generated for the Medicare Prescription Payment Program meet CMS accessibility guidelines, translation requirements, and marketing guidelines. Part D sponsors will also be required to include on their websites information about the Low-Income Subsidy program, including information on the recent expansion of eligibility and how to enroll in the program.

Q: How will Part D plan sponsors target specific Part D enrollees who are likely to benefit from the Medicare Prescription Payment Plan?

Ensuring that Part D enrollees who are most likely to benefit from the program are aware of the program is critical. Part D enrollees who face high cost-sharing earlier in the plan year are more likely to benefit from the program.

Prior to the plan year, Part D plan sponsors will be required to assess their current Part D enrollees' prescription drug costs from the current year and conduct outreach to Part D enrollees who incurred \$2,000, the maximum out-of-pocket cap in 2025, in out-of-pocket costs between January 1 and September 30.

During the plan year, in addition to notifying pharmacies at the point of sale that a Part D enrollee is likely to benefit from the program, a Part D plan sponsor must also undertake targeted outreach to enrollees they identify as likely to benefit.

Q: What materials will CMS make available to educate people with Medicare on the Medicare Prescription Payment Plan?

CMS will release resources explaining the Medicare Prescription Payment Plan ahead of Open Enrollment. People with Medicare, State Health Insurance Assistance Program (SHIPs), and other partners will be able to access resources and materials on Medicare.gov, including a cost preview feature in the Medicare Plan Finder and a fact sheet. Updates will also be made to the Medicare & You Handbook. Introductory training will be available for SHIPs and other partners as part of our [National Training Program summer workshops](#) in July, followed by more robust training in late September.