

Inflation Reduction Act-2025 Medicare changes

- Effective for all plans starting January 1st,2025
- Main goal is to lower the individual cost of prescriptions
- Allows CMS to negotiate the cost of drugs with manufacturers

Medicare Part D changes

- \$2k Part D max out of pocket, down from \$8k in 2024
- No doughnut hole or coverage gap
- No more than an annual 6% premium growth for Part D premiums
- Part D low-income subsidies expands to 150% FPL- Federal Poverty Level
- Insulin cost share capped at \$35 a month
- Part D vaccines \$0

Results of changes

- Narrower drug formularies
- More drugs will require utilization management- which means more prior authorizations required instead of automatic stamp of approval
- Higher initial drug prices to allow manufacturers to maximize profits and offset the annual 6% price increase maximums

Medicare Prescription Payment Plan (M3P)

- Effective 1/1/2025, enrollment starts after Dec 7th or anytime starting in January 2025
 - Enrollment takes 3 days to be activated
- Payment plan for their prescription drug plans set up with their carrier
 - Members can enroll at any time throughout the year, however starting earlier gives more months to spread out the drug cost Companies have 10 days to enroll in payment plan during oep
 - Companies have 24 hrs to process during the year. Can enroll on the plan portal
- Allow members to spread out their monthly prescription cost to have a consistent monthly cost
- Insurance company pays the cost of the copays and the prescription on behalf of the member and then the member pays the health plan
- **This is not a savings plan from the \$2k max out of pocket**
- Help to provide a consistent monthly cost
- If 2 or more payments are missed, member is removed from the program
- Insurance Companies and Pharmacies are working to help identify members who will likely benefit from enrolling in M3P program
 - Send out to members by year end

- Changes I have seen so far
 - Higher tier 3 costs
 - Most plans moving from flat \$47 copay to a percentage 17-28%