

Drug plans will experience more significant change in 2025.

**Out-of-pocket drug spending for covered medications will be capped at \$2,000; this number will be indexed starting in 2026.**

**The coverage gap (aka “donut hole”) phase will be eliminated. This means that copays/coinsurance levels will remain unchanged from the initial coverage level until the \$2,000 cap is met. Once that cap is met, there will be no cost for covered medications to the beneficiary.**

This means that all plans will have a maximum of three different phases: (1) the deductible phase, if any; (2) the initial coverage level phase; and (3) the catastrophic phase.

Part D enrollees will have the option of spreading out their out-of-pocket costs over the year rather than face high out-of-pocket costs in any given month.

**Also, the share of Medicare Part D drug costs paid by plans, drug manufacturers, and Medicare will change.**

**Because of these changes, beneficiaries should expect major changes in the design and possibly the premiums for 2025 drug plans. These changes won’t be published until October 1, 2024 but will be included in Annual Notice of Change (ANOC) documents beneficiaries receive in September.**

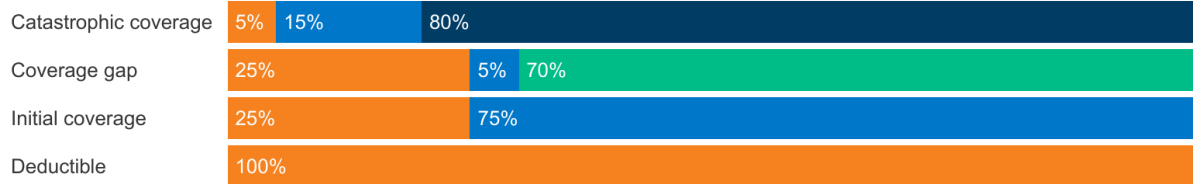
See the following Kaiser Family Foundation chart for changes between 2023, 2024, and 2025 regarding share of Medicare Part D drug costs paid by enrollees, Plans, Drug Manufacturers, and the government (i.e., Medicare) in each drug phase.

## The Share of Medicare Part D Drug Costs Paid by Enrollees, Plans, Drug Manufacturers, and Medicare Will Change in 2024 and 2025

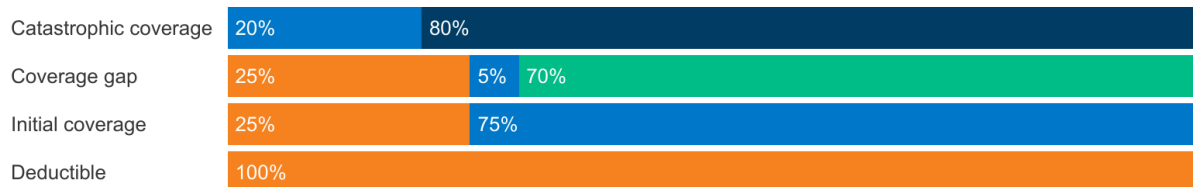
Share of total drug costs paid by:

Part D enrollees Part D plans Drug manufacturers Medicare

### 2023



### 2024



### 2025



NOTE: The manufacturer discount applies to brand-name drug costs only. For generic drug costs, plans pay 75% in the coverage gap phase in 2023 and 2024, and 75% in the initial coverage phase in 2025, and Medicare will pay 40% in the catastrophic coverage phase in 2025.  
SOURCE: KFF, based on Medicare Part D benefit design changes in the Inflation Reduction Act.

**KFF**

Please see this [article](#) from the **Kaiser Family Foundation** for a more detailed summary of the 2024 and 2025 changes.