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Medicare Part D 2025 Changes That You Need to Know About

Starting January 1, 2025, changes to Medicare Part D plans take effect. These changes could impact how much you pay at the pharmacy. The changes are part of the Inflation Reduction Act passed in August 2022. This legislation sought to reduce the prescription drug costs for Medicare beneficiaries. In 2025, there are three pieces of this act that may impact you or someone you know.

1. **Capping the Cost of Prescription Drugs:** In 2025, your yearly out-of-pocket drug cap is \$2,000. Once you have reached this limit, you will not have to pay a copay or a coinsurance for your covered Part D drugs. The Part D cap does not apply to Part B drugs (drugs administered in a healthcare setting) nor does it include your Part D premiums. This change will help people with high drug expenses cap the amount for a given year. The yearly cap will be adjusted each year.
2. **Changes to the Coverage Gap or Donut Hole:** The coverage gap in previous years was when beneficiaries most likely had to pay more for their medications than in the initial coverage level. In 2006, when the Medicare Part D Plans were initiated, Medicare beneficiaries in the coverage gap had to pay 100% of the cost of their medications. Over the years, the cost to beneficiaries in the coverage gap has been reduced. The coverage gap has been eliminated because of the changes to Medicare Part D plans with the cap of \$2,000.00. Once a beneficiary reaches the \$2,000.00 out-of-pocket threshold, they will not have to pay anything for covered medications.
3. **Medicare Prescription Payment Plan (MPPP):** This plan lessens the burden of expensive deductibles, copayments, and coinsurance at the first of the year. It allows you to spread your total drug costs throughout the year. MPPP enables you to manage your expenses but will not save you money or lower your drug costs. If you decide to use the MPPP, you will pay your plan premium and receive a bill from your health or drug plan to pay for your prescription drugs (instead of paying at the pharmacy). The plan is generally for people taking more expensive medication all through the year, allowing you to make smaller spread-out payments. You must contact your Part D or Part C insurance provider to enroll in MPPP.

The changes to Medicare are meant to reduce the burden on Medicare beneficiaries and allow for better compliance with medication recommendations. Sometimes, people don't take their medications as prescribed because of the cost of large deductibles and the cost of expensive drugs. If you have any questions about the above changes to Medicare, don't hesitate to contact Teresa Hatfield at the Meadowlark District Extension office at 785-364-4125 or thatfield@ksu.edu.