

Medicare Minute Teaching Materials — March 2025

Lowering Part D Costs

1. What costs are associated with Part D?

Medicare Part D, the prescription drug benefit, is the part of Medicare that covers most outpatient prescription drugs. Part D is offered through private companies. You can purchase a stand-alone Part D plan if you have Original Medicare. If you have a Medicare Advantage Plan, your Part D coverage is usually included in your plan. Some of the costs associated with Part D drug coverage are:

- **Premium:** The monthly amount that you pay to your Part D plan for coverage. Premiums vary by plan, and the national base premium in 2025 is \$36.78.
- **Annual deductible:** The amount you must pay for your Part D prescription drugs before your plan begins to pay. The deductible varies by plan, and not every Part D plan has a deductible. The maximum deductible in 2025 is \$590.
- **Coinsurance or copays:** The amount that you pay out of pocket for covered drugs after you have met your deductible and before you enter the coverage gap (see below). A coinsurance is a percent of the cost of a drug. A copay is a set amount. Many Part D plans use tiers to price drugs listed on their formularies (approved drug lists). Drugs on lower tiers are less expensive, and drugs on higher tiers are more expensive. A sample tier structure could be:
 - Tier 1: Preferred generic drugs
 - Tier 2: Generic drugs
 - Tier 3: Preferred brand-name drugs
 - Tier 4: Non-preferred drugs
 - Tier 5: Specialty drugs
- **Catastrophic coverage costs:** In all plans, after reaching the \$2,000 spending cap, you owe \$0 for covered prescription drugs.
 - The costs that count towards the deductible limit and the \$2,000 cap are your True Out-of-Pocket (TrOOP) costs. These are costs you spend on covered Part D drugs, or that certain third parties spend on your behalf for covered drugs.
 - Your Part D plan should keep track of how much money you have spent out of pocket for covered drugs and your progression through coverage periods—and this information is included in your monthly statements. Remember that only costs associated with covered drugs help you move through the coverage phases. If you spend money on non-covered drugs, including over the counter drugs or drugs for which you have received a denial from your plan that you have not successfully appealed (see question 7), those costs will not help you meet your deductible or reach the annual cap.

Some of these costs may be different depending on your circumstances. For example, the Extra Help program (see number 2) reduces or eliminates the Part D premium and deductible and significantly lowers copays.

You may also have a higher Part D premium if you have a high income. This is called an Income-Related Monthly Adjustment Amount (IRMAA). The Social Security Administration (SSA) determines if you owe an

IRMAA based on the income that you reported on your tax return two years prior (\$106,000 annual income for individuals and \$212,000 annual income for couples). If you believe you should not pay an IRMAA, your circumstances have changed, or your IRMAA was miscalculated, you have the right to request that SSA lower or eliminate this premium adjustment.

2. What is Extra Help?

Extra Help is a federal program that helps pay for some to most of the out-of-pocket costs of Medicare prescription drug coverage. It is also known as the Part D Low-Income Subsidy (LIS). If your monthly income is up to \$1,976 in 2025 (\$2,664 for couples), and your assets are below \$17,600 (\$35,130 for couples), you may be eligible for Extra Help. Note: These limits include a \$20 income disregard that the Social Security Administration (SSA) automatically subtracts from your monthly unearned income.

Even if your income or assets are above the eligibility limits, you could still qualify for Extra Help because certain types of income and assets are not counted, in addition to the \$20 mentioned above.

If you are enrolled in Medicaid, Supplemental Security Income (SSI), or a Medicare Savings Program (MSP), you automatically qualify for Extra Help regardless of whether you meet Extra Help's eligibility requirements. You should receive a purple-colored notice from the Centers for Medicare & Medicaid Services (CMS) informing you that you do not need to apply for Extra Help. Your automatic eligibility for Extra Help can extend past your enrollment in these programs but does not last forever. If you previously had Medicaid, SSI, or an MSP and do not qualify for that benefit any longer, you may still qualify for Extra Help by applying directly.

The Extra Help Program offers the following benefits:

- Pays for your Part D premium up to a state-specific benchmark amount
- Lowers the cost of your prescription drugs
- Gives you a Special Enrollment Period (SEP) to join, disenroll from, or switch Part D plans once per month. If you have Original Medicare, you can change your stand-alone Part D plan. If you have a Medicare Advantage Plan, you can switch to Original Medicare with a stand-alone Part D plan. You cannot use this SEP to enroll in a Medicare Advantage Plan with drug coverage.
- Eliminates any Part D late enrollment penalty (LEP) you may have if you delay Part D enrollment.

Remember that Extra Help is not a replacement for Part D or a plan on its own. You must still have a Part D plan to receive Medicare prescription drug coverage and Extra Help assistance. If you do not choose a plan, you will in most cases be automatically enrolled in one. To receive assistance with your copays, your prescriptions must be covered by your plan.

If you are eligible for Extra Help and have other creditable drug coverage (like Veterans Affairs drug coverage or a retiree plan), you should evaluate your costs and coverage to decide whether to enroll in Part D and Extra Help or to keep your current drug coverage, or whether it is possible or advisable to have both. Be sure to ask your former employer or union if you can get a Part D plan without losing the retiree benefits you want to keep. Also check if disenrolling from retiree drug coverage makes you ineligible for other retiree health benefits. If you cannot have Part D and you retiree benefits, or if keeping both is not cost-effective, think carefully about whether you should get a Part D plan. This is especially true if your retiree plan also covers your spouse or dependents. If you later want Part D, you will have a two-month SEP after you lose creditable coverage.

Finally, those with Medicaid and certain kinds of employer, union, or retiree drug coverage may in some cases not be enrolled in Extra Help or can ask not to be enrolled. Contact your local Medicaid office to learn how to decline Part D without losing your Medicaid coverage. If you later want Part D, you can enroll at any time without penalty if you are still enrolled in Medicaid or eligible for Extra Help.

3. How do I apply for Extra Help?

If you have Medicaid, SSI, or an MSP, you should be automatically enrolled in Extra Help. If not, you can apply for the Extra Help program through SSA using either the print or online application. To apply online, visit www.ssa.gov. Depending on processes in your state, the application can also serve to screen you for an MSP, which helps pay some of your Medicare costs. Be sure to complete the entire application and provide accurate information so you get all the benefits for which you qualify.

If your application for Extra Help is denied, you can appeal to SSA. You will receive a Pre-Decisional Notice if your application will be denied, explaining that you may not be eligible for Extra Help and why you will be denied. For example, if the monthly income you reported in your application is over the limit. If you think that SSA's rejection is based on incorrect information, you have 10 days from the date on your notice to correct your application. It may be fastest to call or visit your local SSA field office using the telephone number or address on the notice. You can also call SSA's national hotline at 800-772-1213.

Once SSA makes a final decision, you will receive either a Notice of Award or a Notice of Denial. The Notice of Denial means you do not qualify. If you disagree with SSA's decision, you can appeal. It is better to appeal than to reapply. This is because if your appeal is successful, your Extra Help will be effective from the first day of the month that you originally applied.

You should request a hearing within 60 days of receiving notice of SSA's decision. If you do not want a hearing, you can request a case review where an SSA agent will review your application and any additional information you send in. Hearings are held by phone. You will get a notice in the mail that confirms the date of your hearing and gives you a toll-free number to call. This notice also explains how to submit evidence supporting your case. If you have a scheduling conflict, you can reschedule your hearing if you have good cause. After your hearing or review, SSA will send you a notice with the final decision on your case. If you still disagree with the decision, you can file an appeal in Federal District Court.

4. What is a State Pharmaceutical Assistance Program?

Many states offer State Pharmaceutical Assistance Programs (SPAPs) to help residents pay for prescription drugs. Each program works differently. States may coordinate their drug assistance programs with Part D, Medicare's prescription drug benefit. Some SPAPs require that you sign up for Part D to qualify for assistance. In these cases, if a drug is covered by both your SPAP and your Part D plan, both the amount you pay for your prescriptions plus the amount the SPAP pays will count toward the out-of-pocket amount you have to pay before reaching catastrophic coverage (see number 1). Your SPAP may also help pay for your Part D plan's premium, deductible, and copayments.

Certain states have qualified SPAPs. Qualified SPAPs provide an SEP to allow you to enroll in or make changes to your Part D or Medicare Advantage coverage. Contact your State Health Insurance Assistance Program (SHIP) to find out if your state has an SPAP, if you might be eligible, and how to apply. Contact information for your local SHIP is on the last page of this document. You can also go to Medicare.gov to [find if your state has an SPAP](#).

5. What other programs and resources might help me save money on my prescription costs?

In addition to Extra Help and SPAPs, there may be other programs that you can qualify for, based on your circumstances, to reduce the amount you are spending on prescription medications.

- **Patient Assistance Programs (PAPs):** Through a PAP, you may be eligible to get free or low-cost drugs directly from the company that makes them. In most cases, your doctor must apply for you. Not all PAPs allow you to apply if you are eligible for Part D.
- **Charity programs:** There may be charities that can help reduce your prescription costs. If you have Part D, the amount the charity pays could count toward your out-of-pocket costs. Hospitals may have a charity care policy, under which your final copay is determined by your income (using a sliding scale). To qualify, your prescription must be written by a doctor in the hospital and filled out at the hospital's pharmacy. Tell the hospital's pharmacist that you cannot afford the copay and ask if you qualify for prescription assistance. (Make sure to confirm that the hospital's pharmacy is in-network.) Charitable patient assistance foundations and organizations may also be able to help. Listed below are just a few examples. Many of these programs are for people with limited incomes who have certain conditions or illnesses:
 - [CancerCare CoPayment Assistance Foundation](#)
 - [Good Days](#)
 - [The HealthWell Foundation](#)
 - [National Organization for Rare Disorders \(NORD\)](#)
 - [Patient Access Network \(PAN\) Foundation](#)
- **Prescription drug discount programs:** You may be able to get medications you need at a reduced price from national or local discount programs. Note that you cannot use a prescription drug discount program and Part D coverage at the same time: you must select between them at the pharmacy. You can find prescription drug discount programs on websites like www.NeedyMeds.org or www.GoodRx.com. Similarly, there may be discount or lower cost pharmacies. Often, these pharmacies will not be in network for your plan and so you will have to pay the full amount – this may or may not be less than your copayment under your plan. Usually, amounts you pay while using a discount card, coupon, or at a discount pharmacy will not count toward your out-of-pocket costs under your Part D plan.
- **Safety net providers:** Pharmacies in certain government-funded hospitals and community health centers may provide medication at lower costs or charge you based on your income. These centers and clinics include federally qualified health centers (FQHCs) and rural health clinics (RHCs). Some centers may waive copays for drugs covered by your Part D plan if you request assistance. Be sure to contact the facility directly to learn which benefits it offers and which costs may count toward reaching your \$2,000 cap.

6. What strategies can I use when speaking with my providers, plan, and pharmacies if I cannot afford my prescription drugs?

In addition to the programs listed above, there may be other options to help you save money if you're having trouble affording your prescription drugs.

Ask your doctor:

- About generics: Generic drugs are often less expensive than brand-name drugs. Check with your doctor to see if a generic drug will work for you.
- For samples of your medication: This is only a temporary solution, as your doctor may not be able to provide samples for very long. If you are using samples, be sure to explore other options for getting your drugs covered.

Ask your plan:

- About mail-order prescriptions: If you have Extra Help and your drug plan has a mail-order option, you may be able to get a 90-day supply of your prescription at a lower cost. Keep in mind that with mail order, it may take longer to get your drugs than if you were to go to the pharmacy yourself. Plan ahead when filling your prescriptions by mail.
- For a tiering exception: If your Part D plan is covering your drug and your copayment is expensive, it could be that the medication is on a high tier. A tiering exception request is a way to request lower cost-sharing (see number 7).

Ask your pharmacy or hospital:

- To waive your copay: Pharmacies are not allowed to routinely waive their copays for people without Extra Help, but your pharmacist can waive copays on a case-by-case basis. Tell your pharmacist you cannot afford the copay, and request that it be waived. If you are looking for a pharmacy that may waive your copay, make sure it is in your plan's network. Some pharmacies routinely waive copays for people with Extra Help. Ask your pharmacist if your pharmacy does this.
- About charity care: Hospitals may have a charity care policy that can reduce your drug copays if you cannot afford them. Under such a policy, your final copay is determined by your income (using a sliding scale). To qualify, your prescription must be written by a doctor in the hospital and filled at the hospital's pharmacy. Tell the hospital's pharmacist that you cannot afford the copay, and ask if you qualify for prescription assistance. Make sure to confirm that the hospital's pharmacy is in-network.

7. How can I ask my plan to cover my drug, or to cover it with a lower copay?

If your drug is not on your plan's formulary, or if it has a high copay because it is on a high tier, you can appeal to your plan to request that they cover the drug or cover it with lower cost-sharing.

Tiering exception request: If your drug is on a high tier, you can file a tiering exception request to ask the plan to put the drug on a lower tier. Note that this does not apply if your drug is on a specialty tier, in which case you cannot request a tiering exception.

- Your doctor should contact the plan to learn how to request a tiering exception. They may have to fill out a Coverage Determination Request Form or other paperwork from the plan. The doctor should also write a letter that explains that drugs or treatment for your condition that are on lower tiers are ineffective or harmful.
- The plan must give a decision within 72 hours of receiving the request. You can ask your doctor to request an expedited appeal if you or your doctor feel that your health could be seriously harmed by waiting the standard timeline for decisions. If your plan grants the expedited appeal request, they must provide a decision within 24 hours.

- If your plan denies the tiering exception request, you can appeal the decision by following instructions on the notice you receive. This notice is called the Notice of Denial of Medicare Prescription Drug Coverage. You should appeal within 60 days of the date on the denial notice.

Formulary exception request: If your drug is not covered on your plan's formulary, you can appeal for a formulary exception to ask your plan to cover the drug.

- You can contact your plan or ask your doctor to contact your plan and ask for an exception. The plan will send you or your doctor the paperwork, which you or your doctor should complete and return. You should try to include a letter of support from your doctor that explains that the other drugs on the plan's formulary would be ineffective or harmful to your health.
- The plan must give a decision within 72 hours of receiving the request. You can ask your doctor to request an expedited appeal if you or your doctor feel that your health could be seriously harmed by waiting the standard timeline for decisions. If your plan grants the expedited appeal request, they must provide a decision within 24 hours.
- If your plan denies the formulary exception request, you can appeal the decision by following instructions on the notice you receive. This notice is called the Notice of Denial of Medicare Prescription Drug Coverage. You should appeal within 60 days of the date on the denial notice.

8. What is the Medicare Prescription Payment Plan (MPPP)?

Beginning in 2025, you have the option to sign up for a payment plan for Part D out-of-pocket costs. The MPPP allows you to spread your drug costs throughout the year, with the goal of helping you manage your monthly expenses. For example, if you anticipate reaching the annual Part D cap quickly due to expensive medications, you can spread those costs throughout the year—rather than paying a lot in the first months of the year and nothing in later months of the year.

Note that the MPPP does not change or lower your drug costs. It may, however, help your medication costs feel more manageable, by spreading the costs throughout the year.

Part D plans must include information about the MPPP in communications materials to you, such as plan notices or on their website. There is no cost to participate in the program. Although you can opt in to the program at any time, you will likely not see a significant benefit if you opt in during the last few months of the year. If you change Part D plans mid-year, your participation in the MPPP ends and you must opt in with your new plan.

When you sign up for the MPPP, your plan will communicate your choice to your pharmacy. You should pay \$0 at the pharmacy for your covered Part D drugs. Your plan will pay the cost-sharing at the time of your purchase and send monthly bills to you for the cost-sharing amounts. You pay no fees or interest, even if your payment is late.

9. What is prescription drug fraud?

Medicare drug coverage (Part D) helps cover the cost of prescription drugs; some prescriptions are also covered under Part B. Fraudulent prescription drug schemes can occur in both programs so it's important to be on the lookout. A few examples include:

- You see charges on your Medicare Summary Notice (MSN) or Explanation of Benefits (EOB) for:
 - Drugs that were never picked up, delivered, or even prescribed.
 - Drugs (sometimes controlled drugs such as opioids) that were prescribed by a doctor you have never seen.
 - Drugs beyond the amount you were prescribed.
 - A different prescription drug, often one that costs more, than the one you were prescribed
 - A drug that is not approved by the U.S. Food and Drug Administration (FDA).
- Someone offers to pay you for the use of your Medicare number to bill for prescription drugs or offers you cash or other payment to pick up prescription drugs for you.
- A company offers you “free” or “discount prescription drugs without a treating physician’s order and then bills Medicare.

It is important to read your Medicare and Part D plan statements to check for errors or suspicious charges. This would include checking your statements to make sure that the medications you picked up from the pharmacy are the type and amount you were prescribed.

If you notice any concerns about your Medicare statements or with your medications, contact your local Senior Medicare Patrol (SMP). Your SMP can help and report the potential fraud and abuse to the correct authorities. Contact information for your local SMP is on the last page of this document.

10. Who can I contact for more help?

Your doctor: If you are having trouble affording your drugs, work with your doctor to determine if you can switch to a different version of the drug or request a tiering exception from your plan.

State Health Insurance Assistance Program (SHIP): Contact your SHIP if you have questions about Part D coverage or cost assistance programs, such as Extra Help or State Pharmaceutical Assistance Programs. SHIP counselors provide unbiased Medicare counseling and assistance. Contact information for your local SHIP is on the final page of this document.

Senior Medicare Patrol (SMP): Contact your local SMP if you believe you have experienced potential Medicare fraud, errors, or abuse. Contact information for your local SMP is on the final page of this document.

SHIP case study

Myrna is covered by a Part D prescription drug plan, but her medication costs are too high for her to afford. She is single and has an income of \$1,230 per month. She spends about \$200 per month on the copay for just one of her drugs, in addition to the Part D premium.

What should Myrna do?

- Myrna should call her State Health Insurance Assistance Program (SHIP) to seek help lowering her drug costs.
 - If Myrna doesn’t know how to find her SHIP, she can call 877-839-2675 or visit www.shiphelp.org.
- The SHIP counselor will talk to Myrna about the programs she may be eligible for that will lower her drug costs.

- Since Myrna's income is below the Extra Help limit, if her assets are also below the limit, then she is probably eligible for Extra Help. The SHIP counselor will talk to her about how to apply for Extra Help.
- The SHIP counselor will also let Myrna know if her state has a State Pharmaceutical Assistance Program, and if Myrna is eligible for it. If so, the counselor can tell her how to apply.
- The counselor will also make sure that Myrna knows how her drug plan and her drug costs work.
 - The SHIP counselor can make sure that Myrna's drugs are all included on her plan's formulary, or list of covered drugs, and that she is getting her drugs from an in-network pharmacy. They can also talk to Myrna about the different tiers of drug coverage in a Part D plan. The SHIP counselor or Myrna can find more information about her drug plan by contacting the plan directly or looking it up using the Medicare Plan Finder.
 - If Myrna's drugs are not covered, or are covered with high cost-sharing, the SHIP counselor can advise her to speak to her doctor about finding covered drugs or appealing to the plan for a formulary or tiering exception.
- The counselor can also help Myrna check for Patient Assistance Programs or coupons for her expensive medication on websites like www.NeedyMeds.org or www.GoodRx.com.

SMP case study

Robert takes several medications each month, but notices on his EOB from last month that Medicare was billed for two additional prescription drugs than what he takes each day. He does recall that a few of his medications were recently changed at an appointment. While the full names of the medications aren't listed, the first three letters are, followed by a number of asterisks. Robert doesn't remember the names of the changed medications.

What should Robert do?

- Robert should contact his doctor's office to confirm what medications he has been prescribed.
- If his EOB shows different medications than what he was prescribed and received, he should call his pharmacy to alert them of the potential mistake.
- If the pharmacy will not correct the mistake, Robert can contact his Senior Medicare Patrol (SMP) for additional help.
 - If Robert does not know how to contact his SMP, he can call 877-808-2468 or visit www.smpresource.org.
- The SMP team member will help Robert report the potential fraud or abuse to the proper authorities and will provide education on how to prevent Medicare fraud, errors, and abuse.
- If Robert still has other concerns about his drug costs, the SMP team member can help direct him toward programs like Extra Help or his state's SPAP, and they can tell him that he can learn more about eligibility and how to apply by contacting his local SHIP.

Local SHIP Contact Information	Local SMP Contact Information
SHIP toll-free: SHIP email: SHIP website: To find a SHIP in another state: Call 877-839-2675 and say “Medicare” when prompted or visit www.shiphelp.org .	SMP toll-free: SMP email: SMP website: To find an SMP in another state: Call 877-808-2468 or visit www.smpresource.org .
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