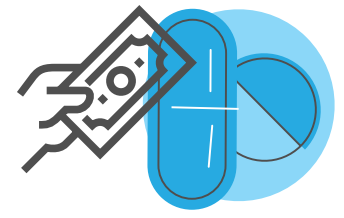


Fact Sheet: Medicare Prescription Payment Plan Draft Part Two Guidance



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 capped monthly payments instead of all at once at the pharmacy. This will be helpful for people with Medicare Part D who have high cost-sharing earlier in the plan year by spreading out those expenses over the course of the year. While this program is available to anyone with Part D, CMS will develop 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.

As shared previously in [draft part one guidance](#) for the program, CMS named this program the Medicare Prescription Payment Plan. External parties should also use this name in communications regarding this program.

CMS is releasing [draft part two guidance](#) that primarily focuses on Part D enrollee education, outreach, and communications related to the Medicare Prescription Payment Plan. It builds upon the draft part one guidance, which is focused on operational requirements for the program, issued on August 21, 2023, and the [technical memorandum](#) CMS issued on July 17, 2023. The draft part two guidance includes requests for public comment on key elements of the Medicare Prescription Payment Plan. In addition to the guidance released today, CMS is also developing several model documents that will be available for public comment through an Information Collection Request.

Q: What does the draft part two guidance include?

While the draft part one guidance largely focused on Part D plan sponsor operational requirements, the draft part two guidance centers on education and outreach for the program and contains:

- Outreach and education requirements for Part D plan sponsors, including requirements for member ID card 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 an educational product on the program, 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, Part D bidding for Contract Year 2025, and Medical Loss Ratio (MLR) instructions.

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 card mailings, and notices to enrollees (e.g., Evidence of Coverage, Annual Notice of Change, and Explanation of Benefits documents). CMS is developing new model materials to support Part D plan sponsors in communicating with current and prospective Medicare Prescription Payment Plan program participants. These materials will be available for public comment through a forthcoming Information Collection

Request. Part D plan sponsors will be required to ensure that all materials generated for the Medicare Prescription Payment Program meet CMS accessibility guidelines, translation requirements, and marketing guidelines.

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

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 (POS) that a Part D enrollee is likely to benefit from the program, a Part D plan sponsor must also undertake targeted outreach if it becomes aware, for example, through the prior authorization process of a new high-cost prescription that would trigger the pharmacy POS notification process.

Q: How will CMS educate Part D enrollees about this new program?

To support broad education of all Part D enrollees on the availability of the program, CMS will develop new Part D educational resources and update existing Part D resources, which may include Medicare.gov, the Medicare Plan Finder, and the Medicare & You Handbook, to include information about the program.

Q: How will CMS engage other interested parties, and what resources will CMS provide to assist other interested parties' education efforts on the new program?

CMS recognizes that engaging interested parties, including but not limited to patient advocacy groups, pharmacies, and provider organizations, is paramount to robust education on the new program. CMS will launch national outreach and education efforts to ensure that interested parties have sufficient support and materials needed to communicate the availability and nuances of this program in advance of open enrollment. CMS-developed materials about the program intended for beneficiaries will be publicly available for interested parties to use.

Q: How can the public provide input on the Medicare Prescription Payment Plan?

CMS is using many tools to ensure interested parties' voices are heard in implementing the new program. One such tool is the 30-day comment period for the draft part two guidance, which opened on February 15, 2024, and will conclude on March 16, 2024. Comments should be sent to PartDPaymentPolicy@cms.hhs.gov with the following subject line: "Medicare Prescription Payment Plan Guidance – Part Two."

For more information on the Medicare Prescription Payment Plan, please click [here](#).