

2025 Medicare Updates:

# **The Inflation Reduction Act and What You Need to Know**

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# OVERVIEW OF 2025 IRA CHANGES TO MEDICARE

Important changes will be arriving to Medicare benefits for 2025, thanks to the Inflation Reduction Act (IRA). These affect most Medicare enrollees with prescription drug coverage.

## Today we'll learn:



Why these changes happened



What they are and how they may affect you



Next steps so you're ready

# **What is the Inflation Reduction Act?**

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# THE INFLATION REDUCTION ACT OF 2022



President Biden signed the Inflation Reduction Act (IRA) into law on August 16, 2022.



The IRA was passed in 2022 and was designed to help meet climate goals as well as to benefit many vulnerable populations — including Medicare beneficiaries.



The goal for Medicare was to improve in several ways, including lowering drug costs, expanding benefits and stabilizing prescription drug plan premiums.

# IRA UPDATES AFFECTING PRESCRIPTION DRUG COVERAGE (PART D)

The Part D (prescription drug coverage) updates started in 2023 with a \$35 cap on monthly insulin copays and will create further consumer savings in 2025 that continue into 2026 and beyond. Here are the three main ways changes will happen:

## Part D Benefit Redesign

This updates Part D cost sharing for members, created an insulin copay cap in 2023 and expands eligibility for LIS (Extra Help) subsidies to 150% of the federal poverty line.

## Drug Price Negotiating

The federal Medicare program will work to lower prices for drugs with high consumer costs.

## Drug Price Inflation Limits

This limits Medicare drug price increases to the level of inflation.

# What's Changing in Prescription Drug (Part D) Benefits?

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# PART D STRUCTURE CHANGES IN 2025

## Who pays what for prescription drugs is shifting:

- ➔ Drug manufacturers have to pay more
- ➔ Part D plans have to pay more
- ✓ Medicare beneficiary (member) drug costs decrease

SOURCES: Changes to Medicare Part D in 2024 and 2025 Under the Inflation Reduction Act and How Enrollees Will Benefit, KFF, <https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflation-reduction-act-and-how-enrollees-will-benefit>.

"Inflation Reduction Act and Medicare, CMS, <https://www.cms.gov/inflation-reduction-act-and-medicare>."

# ADDITIONAL PART D CHANGES FOR 2025

Medicare Part D members may choose to pay monthly payments over the plan year to smooth out monthly costs.

## Maximum annual out-of-pocket cost capped at \$2,000

- After reaching your deductible, you pay your 25% cost-sharing. When you reach \$2,000 out of pocket, you pay \$0 for prescription drugs for the rest of the year.
- Excludes drugs covered by Part B

## No more “donut hole” coverage gap phase

- Now there is only the deductible, initial coverage phase and catastrophic (after you reach maximum out of pocket)

## Spread out your prescription drug costs over the year

- This can smooth your costs, helping you to budget
- Example: You have one prescription that costs \$300 every three months. You now have the option to pay \$100 per month — the same \$1,200 over a year.



**What's Next?**  
**Be Informed to Be Ready.**

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# WHAT'S NEXT FOR PART D AND MEDICARE ADVANTAGE PRESCRIPTION DRUG (MAPD) PLANS

Standalone Part D plans and MAPD coverage may see changes in 2025.

**Here's what consumers should know:**



Medicare Advantage and Part D plans may have changes that affect your existing coverage or costs.



Watch for your Annual Notice of Change (ANOC) letter by the end of September — this will outline any changes to your current plan, which may include:

- Premium change
- Updated copays on different tiers of drugs
- Drugs changing tiers or being removed from the plan

**Make sure to weigh the costs and benefits of MAPD plans compared to standalone Part D plans.**

# Summary of 2025 IRA Medicare Changes

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# RECAP OF 2025 IRA MEDICARE CHANGES

The IRA changes to Medicare Part D have benefits for many Medicare enrollees, adding value by:

- ✓ Capping out-of-pocket drug spending at \$2,000 per year
- ✓ Removing the coverage gap “donut hole”
- ✓ Smoothing the cost of prescription drugs over the year

## **Watch for your Annual Notice of Change (ANOC)!**

The IRA could mean shifts in your plan — it’s more important than ever to review your ANOC letter before making your 2025 plan decision.

# NEED HELP NAVIGATING THESE CHANGES?

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If you are turning 65 and ready to find your first plan, call me to set up an appointment.

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