

# MEDICARE 2025: THE INFLATION REDUCTION ACT (IRA) BRINGS BIG CHANGES

This year's Medicare Advantage and Part D Annual Election Period (AEP) brings big changes thanks to the Inflation Reduction Act (IRA). Keep reading so you'll know what to watch for with your plan this fall.

## Medicare Enhancements in 2025

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. Changes to Prescription Drug Plans went into effect in 2023 with a cap of \$35 on Part D covered insulin. In 2025, three more changes arrive for Medicare plans with prescription drug coverage — with notable consumer benefits.

### 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)

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

- 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.

\*Source: <https://www.medicare.gov/about-us/prescription-drug-law> “Saving money with the prescription drug law”

We may not offer every plan available in your area. Please contact Medicare.gov, 1-800-MEDICARE, or your local State Health Insurance Program (SHIP) to get information on all of your options.

# MEDICARE 2025: THE INFLATION REDUCTION ACT (IRA) BRINGS BIG CHANGES (cont.)

## Prepare for Your Plan Updates — Next Steps

Now more than ever, it's important to watch for your plan's Annual Notice of Changes (ANOC) letter. If you haven't received this letter by the end of September, reach out to your plan. Standalone Part D plans and MAPD prescription drug coverage may see changes in 2025.

### Plan adjustments may include:

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

Make sure to weigh costs and benefits of any plan that includes Part D coverage.

You can learn more about the prescription drug plan changes from the official website:

<https://www.medicare.gov/about-us/prescription-drug-law>

**Want help understanding the IRA changes?**  
I'm here to help you.

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