





Just the Facts

Medicare Part D Coverage

Important Facts:

- The coverage gap phase (also known as the donut hole) has been eliminated
- In 2026, the annual **out-of-pocket (OOP)** cap is \$2,100
- OOP smoothing, also known as the Medicare Prescription Payment Plan (M3P), has been implemented

Medicare Part D has 3 Phases - Learn more below

Legend:  Patient  Medicare Part D Plan  Manufacturer  Government (Medicare)

PHASE 1

Deductible¹

A deductible is a set dollar amount that a health plan requires you to spend before it will provide coverage and help with the cost of your prescriptions.

Your deductible depends on the Medicare Part D plan in which you are enrolled but will not exceed \$615.*

During this phase, you pay 100% for your prescriptions.¹



PHASE 2

Initial Coverage¹

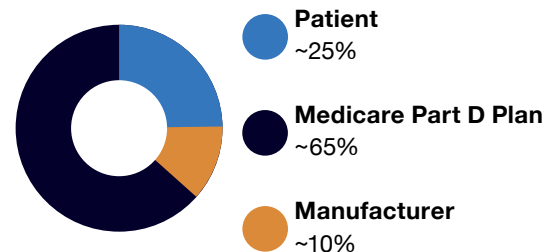
Once you have met your deductible, you now pay only a portion of the prescription costs.

These payments can be either:

- **Co-Pay:** A set dollar amount that you pay per prescription
- **Co-Insurance:** A percentage of a prescription's cost that you pay per prescription

What you pay toward your deductible, co-pays, and/or coinsurance are defined as **OOP payments**.

During this phase, you pay for your prescriptions through a co-pay or coinsurance. Most patients will pay up to 25% of the cost of their prescriptions.¹ For branded drugs, the cost breakdown is:

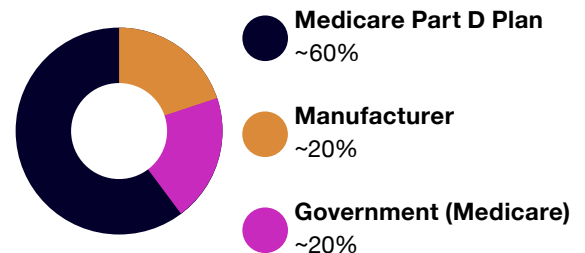


PHASE 3

Catastrophic Coverage¹

Once you have reached \$2,100 in total for your deductible, co-pays, and/or coinsurance (combined), you enter the catastrophic coverage phase. In this phase, you do not owe any co-pays or coinsurance.

You now pay no co-pays or coinsurance for your prescriptions through the end of the year.¹ For branded drugs, the cost breakdown is:







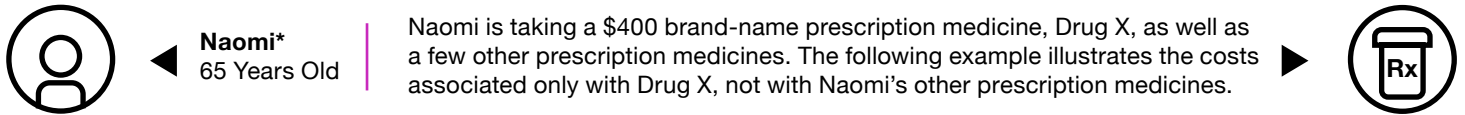
Have You Heard of the Medicare Prescription Payment Plan (M3P)?¹

The M3P, also known as OOP smoothing, is a new program under which Part D plans must provide enrollees the option to pay OOP prescription drug costs in the form of monthly payments over the course of the plan year instead of all at once at the pharmacy.

If you opt into an M3P, any OOP costs you incur would be billed monthly by your Part D plan, such that your OOP cost at the pharmacy may be \$0. You can opt into an M3P plan at any point during the plan year by contacting your Part D plan.

Medicare Part D Patient Example Cost Journey

Legend:  Patient  Medicare Part D Plan  Manufacturer  Government (Medicare)



Phase 1 Deductible



In January 2026, Naomi pays the full \$400 cost of Drug X, and after also paying for other prescriptions, meets her \$615 deductible.†

Phase 2 Initial Coverage



Naomi pays a \$100 co-pay per month for Drug X, and her Part D plan and the drug manufacturer pay the remaining \$300.

When Naomi's OOP costs add up to \$2,100, she reaches the OOP cap and enters the catastrophic coverage phase.

Phase 3 Catastrophic Coverage



Naomi now pays \$0 per month for her prescriptions of Drug X until her coverage resets in January 2027.

If enrolled in an M3P, Naomi's OOP payments at the pharmacy may be \$0. Naomi's OOP payments may instead be distributed across monthly bills administered through her Part D plan for the remainder of the plan year.

Resources to help with Medicare Part D

- OOP smoothing/M3P enrollment:** M3Ps are administered by Part D plan sponsors. You may opt in or out of an M3P at any point throughout the plan year. To opt into a payment plan or inquire about the program, please contact your Medicare Part D plan sponsor.
- Low-income subsidy program:** Depending on your income, you may qualify for the low-income subsidy program (also called Extra Help). Patients receiving low-income subsidy assistance will have lower OOP costs. Call Social Security at **1-800-772-1213** or **apply online at: <http://www.socialsecurity.gov/extrahelp>**
- Explanation of benefits:** Each month, your Part D plan will mail you an explanation of benefits. The explanation of benefits is not a bill. It tells you which Medicare Part D phase you are currently in, if your deductible has been met, your total OOP payments to date, and other detailed information about your claims.
- Medicare:** For specific billing questions and questions about your claims, medical records, or expenses, call **1-800-MEDICARE (1-800-633-4227)**. Visit Medicare Plan Finder at: **<https://www.medicare.gov/plan-compare/#/>** to help you compare all Part D and Medicare Advantage plans in your area.
- State pharmaceutical assistance programs:** Many states, US territories, and the US Virgin Islands offer payment help for drug plan premiums and/or other drug costs through state pharmaceutical assistance programs. Visit: **www.medicare.gov/pharmaceutical-assistance-program/state-programs.aspx** Select your state on the website to see if you are eligible.

*Not a real patient. †Deductibles differ among Part D plans.

References: 1. U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services. 2025. "Medicare & You 2026: The official U.S. government Medicare handbook." 128p., September. Accessed at <https://www.medicare.gov/publications/10050-medicare-and-you.pdf>.