

Medicare prescription drug coverage, known as Part D, recently underwent major changes. With the updated benefit design, you won't have to deal with multiple coverage phases for your prescription costs any longer, and the coverage gap is gone. Instead, you'll pay for your prescriptions (after paying a deductible, if applicable) until you reach your annual out-of-pocket limit of \$2,100 (for the 2026 plan year). In addition, there is a Medicare Prescription Payment Plan that could change how you pay for your medications.



### WHAT IS IT?

The Medicare Prescription Payment Plan allows people with Medicare prescription coverage (Part D) to pay their out-of-pocket prescription drug costs in monthly installments instead of all at once. You are not automatically enrolled in the program; you must choose to opt in. Anyone with a Part D plan can opt into the program at any time during the year. The Medicare Prescription Payment Plan only applies to Part D and Medicare Advantage plans that offer Part D benefits.

### HOW DOES IT WORK?

If you opt-in to the program, you will not pay for medications at the pharmacy when you pick up your prescription. Instead, your Part D plan will pay the pharmacy, and your plan will send you bills for the amount you owe during each of the remaining months of the year. This is referred to as "smoothing" and is a way to spread your out-of-pocket medication costs out over the year, paying part of the costs each month up to the maximum amount of \$2100 in total for the year.

### DOES THIS SAVE ME MONEY?

No. This program doesn't lower your out-of-pocket costs for prescriptions. However, it may make paying for medications more manageable by spreading the costs throughout the year instead of all at once.

### HOW DO I SIGN UP?

During the 2026 Open Enrollment period, individuals with Part D or Medicare Advantage plans that cover prescriptions can enroll in the Medicare Prescription Payment Plan. Contact your Part D plan provider and follow the enrollment process to enroll. You or your authorized representative can submit an election request to join the program. You can submit this request by paper, phone, or online. Your Part D plan will process your enrollment request within 24 hours. You will be automatically re-enrolled the following year unless you opt out.



### WHAT HAPPENS IF I DON'T PAY? DO I LOSE MY INSURANCE?

If you don't pay the amount your Part D plan bills you, your participation in the program may be terminated and any amount you owe your plan will become due immediately. However, you will not lose your Part D coverage. Your insurance company cannot send you to collections if you have outstanding amounts due for prescription medication costs and they cannot charge you any fees on the balance. You will not be allowed to participate in the prescription payment plan in the future until you pay all outstanding balances that you owe to your Part D plan.

## WHAT MEDICATIONS ARE INCLUDED IN THE MEDICARE PRESCRIPTION PAYMENT PLAN?

All Medicare Part D drugs are included in the program. Part D plans cannot exclude any covered medications. Once you opt into the Medicare Prescription Payment Plan, all your out-of-pocket prescription drug costs will be billed monthly as required, as long as you remain in the plan.

## HOW DO I KNOW IF I AM A GOOD FIT FOR THE PROGRAM?

- People with high prescription medication costs that cause them to hit the \$2,100 out-of-pocket cap earlier in the year may benefit from this program.
- If you receive assistance from a charitable foundation for some or all of your medication costs, you may not benefit from this program.
- It is important to determine what is best for you based on your annual medication costs and any help you may receive from a third-party organization before enrolling as the payment plan may, or may not, be the best fit for you.

## HOW CAN I MAKE THE MOST OF THE PRESCRIPTION PAYMENT PLAN?

- Make sure you understand what you are paying. You can always contact your Part D plan or the pharmacy to ensure you understand your costs.
- Keep up with payments. If the program works for you, it's best to ensure you pay your bills on time to remain on the Payment Plan.
- Make sure you communicate with your insurance company in case there are shifts or changes with the prescription payment plan.



## KEY DATES

**October 15, 2025:** Medicare Open Enrollment begins. You can now opt into the Medicare Prescription Payment Plan for the 2026 plan year.

**December 7, 2025:** Medicare Open Enrollment ends.

**January 1, 2026:** The Medicare Prescription Payment Plan begins for the 2026 plan year.

**January 1, 2026–December 31, 2026:** Part D enrollees can opt into the payment plan at any time throughout the year.



It is important to carefully consider your situation and the specific details of the program before deciding to opt into the Medicare Prescription Payment Plan.

## WHERE CAN I FIND OUT MORE ABOUT OTHER MEDICARE CHANGES?

Patient Advocate Foundation is here to help you make sense of Medicare, from basic coverage and costs to new changes brought by the Inflation Reduction Act of 2022. Explore PAF's [Medicare Resource Center](#) or the [CMS website](#) to learn more.