How Medicare Part D changes could lower your costs in 2024

Breaking down the changes to Medicare Part D & PAN grants

Wednesday, November 29

PAN Foundation
Meet the presenters

Amy Niles
Chief Advocacy and Engagement Officer
PAN Foundation

James Ridley
Senior Manager of Clinical Affairs
PAN Foundation
Today’s agenda

• A brief refresher of the Medicare program and terminology
• Reviewing Medicare changes in 2023 and 2024
• Impact of Medicare changes on PAN grants
• A brief look ahead at Medicare changes in 2025
• Answering your questions
Housekeeping items

Now recording
A recording of this presentation will be shared with you via email.

Ask questions
Don't be shy! Use the chat feature to submit questions to us directly during the webinar.

Stay tuned
After the webinar we'll share a few resources, including PAN's Medicare reform guide.
A brief history of the Medicare program and affordability challenges
Medicare timeline

1965
- Federal health insurance program called Medicare established for people over the age of 65

1972
- Medicare expands to cover people under the age of 65 who live with a long-term disability
Medicare timeline

1965

1972

1980s

• Rise in innovation and specialty drugs; out-of-pocket medication costs begin to increase

2006

• Medicare Part D created, providing coverage for outpatient prescription drugs
More than 50 million out of the 65 million people covered by Medicare were enrolled in Medicare Part D plans in 2023.
# The Medicare alphabet

<table>
<thead>
<tr>
<th>Part A</th>
<th>Part B</th>
<th>Part C</th>
<th>Part D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hospital insurance</strong></td>
<td><strong>Medical insurance</strong></td>
<td><strong>Medicare Advantage</strong></td>
<td><strong>Prescription coverage</strong></td>
</tr>
<tr>
<td>• Inpatient hospital stays</td>
<td>• Certain doctor’s services</td>
<td>• Covers benefits included with Original Medicare</td>
<td>• Prescription drugs</td>
</tr>
<tr>
<td>• Care in a skilled nursing facility</td>
<td>• Outpatient care</td>
<td>• Sometimes covers: dental care, vision benefits, over-the-counter items, etc.</td>
<td>• Part D plans are offered by private companies approved by Medicare</td>
</tr>
<tr>
<td>• Hospice care</td>
<td>• Lab tests</td>
<td>• May include prescription drug benefits</td>
<td></td>
</tr>
<tr>
<td>• Some health care</td>
<td>• Medical equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• It does not cover regular doctor visits or prescription drugs</td>
<td>• Preventative services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ambulances</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
About people with Medicare

More than 10,000 people age into Medicare every day

More than half of all people with Medicare insurance have an annual income below $30,000 (per person)

8 out of 10 older adults live with at least one chronic condition

97% of PAN grant recipients have Medicare insurance
The average Medicare household

A person is considered “underinsured” if they spend 10% or more of their total household spending on healthcare costs.

Three out of four Medicare households (75%) spent 10% percent or more of their total household spending on health
When out-of-pocket costs are too high...

...too many people walk away from the pharmacy counter.
Americans are concerned about the cost of prescription drugs

82% of adults think the cost of prescription drugs is unreasonable

About 30% of adults say in the last year, they have not taken prescription medicines as directed because of cost

28% of adults say it is very difficult for them to afford to pay for their prescription drugs

Historic Medicare reforms enacted through the Inflation Reduction Act
Timeline for Medicare reforms

2023
1. Vaccines without co-pays
2. Insulin co-pays limited to $35/month

2024
1. Giving more people “Extra Help”
2. Elimination of 5% coinsurance for catastrophic phase

2025
1. A $2,000 annual cap on prescription costs
2. Optional Monthly Payment Prescription Plan to spread out total annual costs
2024

Expanded eligibility for the federal Low-Income Subsidy, or Extra Help program

Elimination of 5% coinsurance in the catastrophic phase
What you need to know: What is the “Extra Help” program?

The Low-Income Subsidy, or ‘Extra Help’ program helps people with Medicare drug plans—who have limited income and modest resources—pay for prescription medication costs.

In 2023, the Extra Help program helped 13.4 million people.

27% of all Part D enrollees
What does “Extra Help” cover?

People who qualify for Extra Help will pay:

- No deductibles
- No premiums for Part D drug plans
- No more than $11.20 in 2024 for each brand-name drug the plan covers
- No more than $4.50 for generic medications
- No Part D late enrollment penalty, if applicable

It’s estimated annual value is $5,300 per person.
How do you qualify?

You will be **automatically be enrolled** if you:

- are enrolled in Medicare and Medicaid
- receive Supplemental Security Income
- qualify for one of the Medicare Savings Programs

Others will need to apply for the program. In most cases, you must live in one of the 50 states or the District of Columbia and have income and resources below a certain limit.
## Income and resource limits

### Income and resource limits in 2024:

<table>
<thead>
<tr>
<th>Your situation</th>
<th>Income limit</th>
<th>Resource* limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$21,870</td>
<td>$16,600</td>
</tr>
<tr>
<td>Married couple</td>
<td>$29,580</td>
<td>$33,240</td>
</tr>
</tbody>
</table>

*Resources include* money in a checking, savings, or retirement account, stocks, and bonds.

*Resources don't include* your home, one car, burial plots, up to $1,500 for burial expenses if you've put that money aside, furniture, and other household and personal items.
What is changing about Extra Help

<table>
<thead>
<tr>
<th>Household size</th>
<th>135% of FPL</th>
<th>150% of FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>One person</td>
<td>$18,346.50</td>
<td>$21,870.00</td>
</tr>
<tr>
<td>Two people</td>
<td>$24,718.50</td>
<td>$29,580.00</td>
</tr>
</tbody>
</table>

On January 1, 2024, eligibility for maximum assistance is expanded to people living up to 150% of FPL and higher resources.
The impact of the changes to Extra Help

• In 2024, nearly 300,000 people with Medicare who are currently enrolled in the partial version of the Extra Help program could benefit from the program’s expansion.

• Up to 3 million more seniors and people with disabilities could benefit from the Extra Help program now but aren’t currently enrolled.
How to apply

Some people qualify automatically, but if you don’t, it’s easy to apply for Extra Help:

• Visit Social Security online at ssa.gov/extrahelp.

• Call Social Security at 1-800-772-1213. TTY users can call 1-800-325-0778.

• Visit Medicare.gov/extrahelp or call 1-800-MEDICARE (1-800-633-4227) to learn about Medicare drug plans, Extra Help, and other ways to lower your prescription drug costs. TTY users can call 1-877-486-2048.
2024

- Expanded eligibility for the federal Low-Income Subsidy, or Extra Help program
- Elimination of 5% coinsurance in the catastrophic phase
Understanding coinsurance & the four phases of Medicare

There are guidelines for what percentage the Medicare plan covers and what percentage the insured person must pay in each phase of your Medicare coverage.

The four phases of coverage are:

• the deductible phase
• initial coverage phase
• the coverage gap
• the catastrophic phase.
Changes to Medicare Part D for brand-name drug costs

Current law: 2023

- Catastrophic coverage: 80%
- Coverage gap: 70%
- Initial coverage: 25%
- Deductible: 100%
- Out-of-pocket spending threshold: ~$3,100

Share of brand-name drug costs paid by:
- Enrollees
  - Part D Plans
  - Drug manufacturers
  - Medicare
Changes to Medicare Part D for brand-name drug costs

Current law: 2023

- **5% enrollee**
  - Catastrophic coverage: 80%  
  - Coverage gap: 70%  
  - Initial coverage: 25%  
  - Deductible: 100%  
  - Out-of-pocket spending threshold: ~$3,100

Inflation Reduction Act 2024

- **0% enrollee**
  - Catastrophic coverage: 80%  
  - Coverage gap: 70%  
  - Initial coverage: 25%  
  - Deductible: 100%  
  - Out-of-pocket spending threshold: ~$3,250

Share of brand-name drug costs paid by:

- **Part D Plans**
- **Drug manufacturers**
- **Medicare**

Enrollees
Summary of what’s changing in 2024 with Medicare Part D

• More people can qualify for more help through the Extra Help program, which will help pay for premiums, deductibles, coinsurance, and other costs

• People with Medicare Part D will no longer have any cost-sharing once they reach the catastrophic phase of spending, so their out-of-pocket maximum will be about $3,250 in 2024

• More out-of-pocket limits ahead in 2025
Changes to PAN grants
We design our grants to cover 100% of out-of-pocket costs for most patients—and that isn't changing.

97% of PAN Foundation grant recipients have Medicare insurance.
How to apply for a grant

1. Check if a fund is open
   This can be done on our website, portal, or over the phone

2. Verify you meet eligibility criteria
   Find eligibility criteria on individual disease fund pages

3. Gather required information
   This include demographics, diagnosis, medication, insurance, income, and physician information

4. Submit application
   You can apply on our website, portal, or over the phone
### Overview of current PAN grant structure

<table>
<thead>
<tr>
<th>Icon</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>📣</td>
<td>Assistance amounts vary per disease fund</td>
</tr>
<tr>
<td>📅</td>
<td>Patients have a 12-month eligibility period</td>
</tr>
<tr>
<td>📅</td>
<td>Patients—or their provider or pharmacy—must submit a claim every 120 days</td>
</tr>
<tr>
<td>⚡</td>
<td>Potential for renewal</td>
</tr>
</tbody>
</table>
Grant amounts are changing across disease funds, no matter what type of insurance you have.

Grant amount changes will only impact you when you apply for a new grant, additional funding, or to renew your grant in 2024.

Anyone issued a grant in 2023 will have access to their full, original grant amount until their grant period ends.
How PAN will share updates

Medicare reforms guide: our online Medicare reforms webpage will have information on any upcoming changes to PAN grants and upcoming Medicare reforms (panfoundation.org/reforms).

Find a disease fund webpage: new grant amounts will be available on our Find a disease fund webpage starting January 1, 2024 (panfoundation.org/funds).
**Referrals:** We provide real-time referrals to other patient organizations if a disease fund is closed. These can be found on the individual disease fund pages.
FundFinder: You can use FundFinder to sign up for email or text message notifications to learn when financial assistance becomes available at any of the 9 charitable patient assistance foundations: fundfinder.panfoundation.org

70,000+ Users and growing
Over 50% Of users are patients
200+ Assistance programs in one place
130+ Advocacy and patient support organizations listed
Looking ahead at Medicare Part D changes in 2025
$2,000 annual cap on out-of-pocket spending for people with Medicare Part D

Option for monthly payments to **smooth** out total out-of-pocket responsibility throughout the year, with an overall monthly maximum

You must opt-in to smoothing!
Introducing the Medicare Prescription Payment Plan

So far, we know:

• Patients will need to enroll in the program
• The earlier in the year you join the program, the more you can benefit
• Your monthly bill may fluctuate
• No one will pay more than $2,000 for the year in 2025

We’ll update our Medicare reforms guide webpage as we learn more, scan the QR code on the right:
Key takeaways

• Your Medicare Part D plan should be providing updates about Medicare changes

• We will email you a:
  • Recording of this presentation
  • Copy of the slides we shared today
  • Extra resources, including a printable graphic so you can keep track of when these changes will take place

• Reminder: Open Enrollment ends on December 7
  • These Medicare reforms will **not** affect open enrollment
Questions
Answering your questions:

What is PAN’s strategy for determining disease fund grant amounts based on historical patient needs?
Frequently asked question:

If a grant amount is not enough to cover patient out-of-pocket medication costs, does PAN offer some additional resources?
Frequently asked question:

Since this cap means that most PAN grant recipients will have lower out-of-pocket prescription costs, will most of the disease fund grant amounts be changing in 2024?
Frequently asked question:

What medications are covered by the Medicare reforms? Does the cap apply per medication or for all medications? (Will I be paying $3250 per medication?)
Frequently asked question:

How do I know if I have Part D?
Frequently asked question:

Have these Medicare reforms been approved by Congress and are they here to stay?
Frequently asked question:

How can I get more information about these Medicare changes or PAN grants if I still have questions?
Resources for you

PAN Foundation resources
• Visit www.panfoundation.org
• Visit PAN’s Medicare reforms webpage, which we update when new information is available: www.panfoundation.org/reforms

Other resources
• www.Medicare.gov or 1-800-MEDICARE (1-800-623-4227)
• National Council on Aging: www.ncoa.org
• State Health Insurance Assistance Program: www.shiphelp.org
Thank you for joining us today!