

The Medicare Prescription Payment Plan (MPPP) Can Help Manage Out-of-Pocket Costs¹

Starting on January 1, 2025, people can opt in to a new voluntary program called the Medicare Prescription Payment Plan. The MPPP helps make prescription medicines more manageable under Medicare by providing people the option to **pay out-of-pocket (OOP) prescription costs in the form of monthly payments throughout the calendar year.**¹

Key benefits¹



Pay **\$0 at the pharmacy** for prescription medicines covered by Part D. Your Medicare plan will pay the pharmacy.



Pay your Medicare plan back in **monthly payments** spread throughout the calendar year.

Who can participate?

Anyone with a Medicare plan that provides prescription drug coverage, including standalone Part D plans and Medicare Advantage plans, can participate in the MPPP.¹

How do I know if the MPPP is for me?



You may benefit from the program if you¹⁻³:

- Have a single prescription OOP cost of \geq \$600
- Had \$2,000 in OOP medication costs in the previous year
- Have high OOP medication costs, including reoccurring costs, early in the year



You are less likely to benefit from the program if you^{1,3}:

- Receive (or are eligible for) “Extra Help” from Medicare as these beneficiaries already have fixed low co-pays
- Qualify for a Medicare Savings Program
- Have yearly medication costs that are low or the same each month
- Sign up late in the calendar year (after September), resulting in less months to spread out costs
- Don’t want to change how you pay for your medicine



For more information, scan the QR code or visit
[Medicare.gov/prescription-payment-plan](https://www.Medicare.gov/prescription-payment-plan).

How can I opt into the MPPP?

To sign up, visit the Medicare plan's website or call your plan.³

You can opt in at any time during the calendar year starting in 2025, but signing up during open enrollment offers you the opportunity to benefit the most from the MPPP beginning January 1, 2025.³ Open enrollment for the new benefit year runs from October 15 to December 7.⁴

How does the payment plan work?

After enrolling in the MPPP, you will not make any payment at the pharmacy for your Part D covered medicines obtained through all pharmacies including retail, mail-order and specialty pharmacies.^{1,3}

Instead, you will be billed monthly by your Medicare plan in the form of **2 bills** to ensure you don't confuse payments^{1,5}:

- One for **your share of total prescription cost-sharing**, spread over the year
- One for **your current monthly plan premium** (if you have one)
 - Consider making this payment first to avoid losing your prescription drug coverage

Your monthly bill will show how much you owe for the month, when it's due and how to make the payment.⁵

Additional considerations^{1,3-5}:

- For anyone with prescription drug coverage in 2025, annual OOP costs for covered prescriptions are capped at \$2,000. Once reached, you won't pay a co-pay or co-insurance for covered prescriptions for the rest of the calendar year
- No interest or fees on the amount you owe under the MPPP, even if your payment is late
- If you miss a payment, your Medicare plan will send you a reminder and you will have a 2-month grace period to make the payment. If you do not pay your bill within this time frame, you'll be removed from the MPPP
 - You will need to continue to pay your plan's monthly premium in order to remain enrolled in your Medicare plan and keep your prescription drug coverage
- You may voluntarily leave the MPPP at any time, but you must pay your outstanding balance



IMPORTANT

You have the **option to sign up** to participate in the MPPP. Your Medicare plan will **not automatically enroll you**, even if you switch plans, nor can you enroll through your doctor, pharmacy or Medicare.gov.^{1,3}



IMPORTANT

Even though you pay \$0 at the pharmacy, **you are still responsible for your medication costs**. This plan does not lower costs, but instead, spreads them out across the year.^{1,3}



Want to sign up for 2025?

Call your plan today for participation effective January 1, 2025.³

How is each monthly bill calculated?

Your monthly bill will be based on what you would have paid for any prescriptions, plus your previous month's balance, divided by the number of months left in the year. All Medicare plans use the same formula to calculate your monthly payments.³

Your payment amount may change every month, depending on several factors. Payments may be higher or lower depending on when you fill a new prescription (or refill an existing prescription) and the medicine's cost.³

You can view examples of how the MPPP would work in different scenarios at [Medicare.gov](https://www.medicare.gov).

Example scenario*: You receive a medicine that causes you to reach the \$2,000 OOP cap in January.^{1,2}



Not enrolled in the MPPP

You will need to pay \$2,000. However, you may need to pay the pharmacy upfront in full when filling/receiving a prescription.



Enrolled in the MPPP

You will need to pay \$2,000. However, the \$2,000 cost will be "smoothed" across the year, meaning your Medicare plan will bill you ~\$167 per month for the duration of the year.

Note: In cases where you don't reach the OOP cap until later in the year, your costs under the MPPP can change from month to month since the total costs spread over the year may grow each time you fill another prescription.^{3,6}

*This scenario is a very simplified illustration of how you may be expected to pay for your prescription when you are and are not participating in the MPPP. To view additional scenarios and further calculations to determine monthly costs, visit [Medicare.gov/prescription-payment-plan/examples](https://www.medicare.gov/prescription-payment-plan/examples).

If you think the MPPP is right for you, contact your Medicare plan with prescription drug coverage to enroll.

Interested in learning more?

Visit [Medicare.gov/prescription-payment-plan](https://www.medicare.gov/prescription-payment-plan) or select a resource to the right.

MPPP fact sheet (English) →

MPPP fact sheet (Spanish) →



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References: **1.** Seshamani M. Centers for Medicare & Medicaid Services. Medicare prescription payment plan final part one guidance on select topics, implementation of section 1860D-2 of the Social Security Act for 2024, and response to relevant comments. Published February 29, 2024. Accessed September 24, 2024. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-one-guidance.pdf> **2.** Seshamani M. Centers for Medicare & Medicaid Services. Medicare prescription payment plan: final part two guidance on select topics, implementation of section 1860D-2 of the Social Security Act for 2025, and response to relevant comments. Published July 16, 2024. Accessed September 24, 2024. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-two-guidance.pdf> **3.** Medicare.gov. Before using this payment option. Accessed September 24, 2024. <https://www.medicare.gov/prescription-payment-plan/before-payment-option> **4.** Centers for Medicare & Medicaid Services. *Medicare & You 2025*. Baltimore, MD: CMS; January 2024. CMS product no. 10050. Accessed September 24, 2024. <https://www.medicare.gov/publications/10050-medicare-and-you.pdf> **5.** Medicare.gov. Using this payment option. Accessed September 24, 2024. <https://www.medicare.gov/prescription-payment-plan/using-payment-option> **6.** Medicare.gov. Examples of this payment option. Accessed September 24, 2024. <https://www.medicare.gov/prescription-payment-plan/examples>