


# A guide to 2026 Medicare Part D

Coverage for specialty drugs




## Medicare Part D Overview<sup>1-4</sup>

 Medicare Part D is available to anyone with Medicare Part A or Part B. It may be included as a part of your Medicare Advantage Plan (Part C) or other Medicare health plan.

**Enrollment is available during the following specific periods:**

- **Initial Enrollment Period:** When the patient first becomes eligible for Medicare, or when they turn 65
- **Open Enrollment Period:** October 15 to December 7, 2025
- **Special Enrollment Period:** If certain life events occur, like if you move or lose other insurance coverage

 **Patients can enroll as directed by their Part D plan, through:** a paper enrollment form, online, by phone, or via the Medicare Online Enrollment Center accessed through [Medicare.gov](https://www.medicare.gov), or by calling **1-800-MEDICARE**

**The maximum patient out-of-pocket (OOP) drug costs for any Medicare Part D plan will be capped at \$2,100.**

- If a patient joins the voluntary Medicare Prescription Payment Plan, they can spread their OOP drug costs into monthly payments over the plan year instead of paying it all at once at the pharmacy.

## The 3 phases of Medicare Part D in a standard benefit plan<sup>1\*</sup>

### Phase 1: Deductible Phase<sup>1</sup>

Patients are required to pay the entire deductible amount for covered prescription drugs before their Part D plan can start providing any financial coverage, including for specialty drugs.

A patient's deductible depends on the Medicare Part D plan in which they are enrolled but **will not exceed \$615 in 2026.**

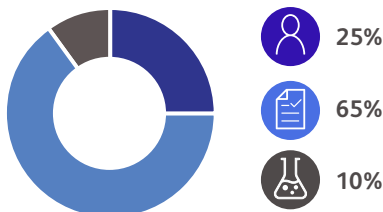


### Phase 2: Initial Coverage Phase<sup>†</sup>

Once a patient pays the deductible, they pay **25%** of the prescription drug cost, their Medicare Part D plan pays **65%**, and, if applicable, the manufacturer of a brand-name drug pays the rest.

**The Initial Coverage Phase ends when the patient spends a total of \$2,100 on prescription drugs.**

The patient then moves into the Catastrophic Coverage Phase.



### Phase 3: Catastrophic Coverage Phase<sup>†</sup>

Once entering the catastrophic phase, **patients no longer have any cost-sharing responsibility.** The Part D plan, Medicare, and, if applicable, the manufacturer of a brand-name drug will cover the full cost of the medication.



LEGEND:



Patient



Medicare Part D Plan



Manufacturer



Government (Medicare)

<sup>\*</sup>Patients enrolled in Enhanced Alternative (EA) plans may have different cost-sharing structures. However, the patient out-of-pocket will be capped at \$2,100 irrespective of the plan design.

<sup>†</sup>Illustrations shown are for brand-name drugs only. For generic drugs, Part D plans will be responsible for 75% of the drug costs in the Initial Coverage Phase, and Medicare will be responsible for 40% of the drug costs in the Catastrophic Coverage Phase.

# Medicare Prescription Payment Plan<sup>5-8</sup>

- The Medicare Prescription Payment Plan is a **voluntary payment option provided by a patient's Medicare Part D insurance plan to help them manage their OOP drug costs by spreading the payment over the course of the plan year (January-December)** in the form of monthly payments. This option may help patients manage their drug expenses, but it does not save them money or lower their OOP drug cost.
- When enrolled into this payment plan and a patient fills a prescription covered by Part D, their OOP cost at the pharmacy will be **\$0**. Instead, their Part D plan will bill them monthly for any cost-sharing they incur while enrolled in the program. The monthly bill is based on the cost of the prescription plus any previous months' balance (if any) divided by the number of months left in the year.
- **Medicare Prescription Payment Plan participation and termination are voluntary, at no cost to patients.**

## Who can apply?



All patients enrolled in or eligible for Medicare Part D, including Prescription Drug Plan (PDP) and Medicare

Advantage Prescription Drug Plan (MAPD), can apply to participate in the Medicare Prescription Payment Plan program.

While this program is available to anyone with Medicare Part D, **patients taking high-cost drugs earlier in the plan year are generally more likely to benefit.**

CMS has stated that it is more advantageous for patients who are eligible for Low-Income Subsidy (LIS) to enroll in LIS than participate in the Medicare Prescription Payment Plan, though eligible patients can enroll in both.

## When to apply?



Patients may opt into the Medicare Prescription Payment Plan program:

- During Medicare Open Enrollment: October 15, 2025 – December 7, 2025
- Prior to the beginning of the plan year or in any month during the plan year

Starting in 2026, **patients who opted into Medicare Prescription Payment Plan in 2025 will be automatically re-enrolled into the program unless they actively opt out.**



Patients who choose to enroll at the time of filling a prescription may have to return to the pharmacy on another day to collect their medicine after receiving an enrollment confirmation from their Part D plan (typically within 24 hours of application).

## How to apply?

Patients can apply as directed by their Part D plan sponsors, through:



An election request form during enrollment



By phone, as directed by the Part D plan



By mail with a paper election form



Online, as directed by the Part D plan

Patients can call **1-800-MEDICARE (1-800-633-4227)** if they need help contacting their Part D plan.

Enrolling in the Medicare Prescription Payment Plan program early, ***before*** incurring high OOP cost, allows patients to:

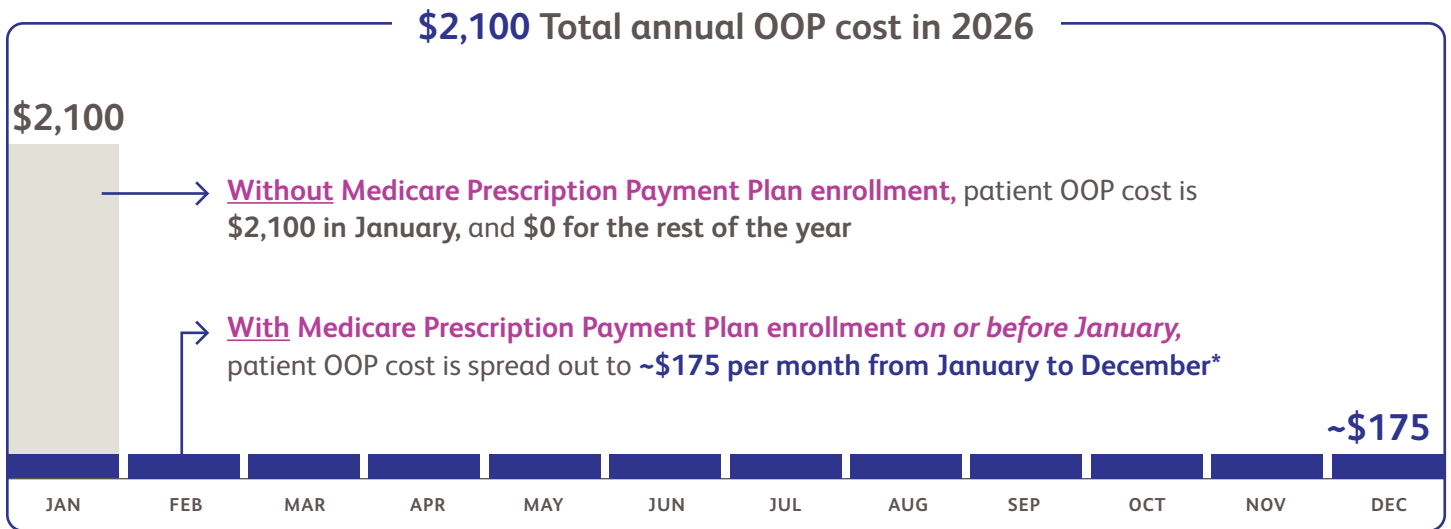
- ✓ Have timely access to their medication without delay
- ✓ Have lower monthly payments by spreading OOP costs over a longer period

# Patient cost journey examples

The cost of a specialty drug, regardless of drug price, goes through the 3 phases of Medicare Part D in 2026.

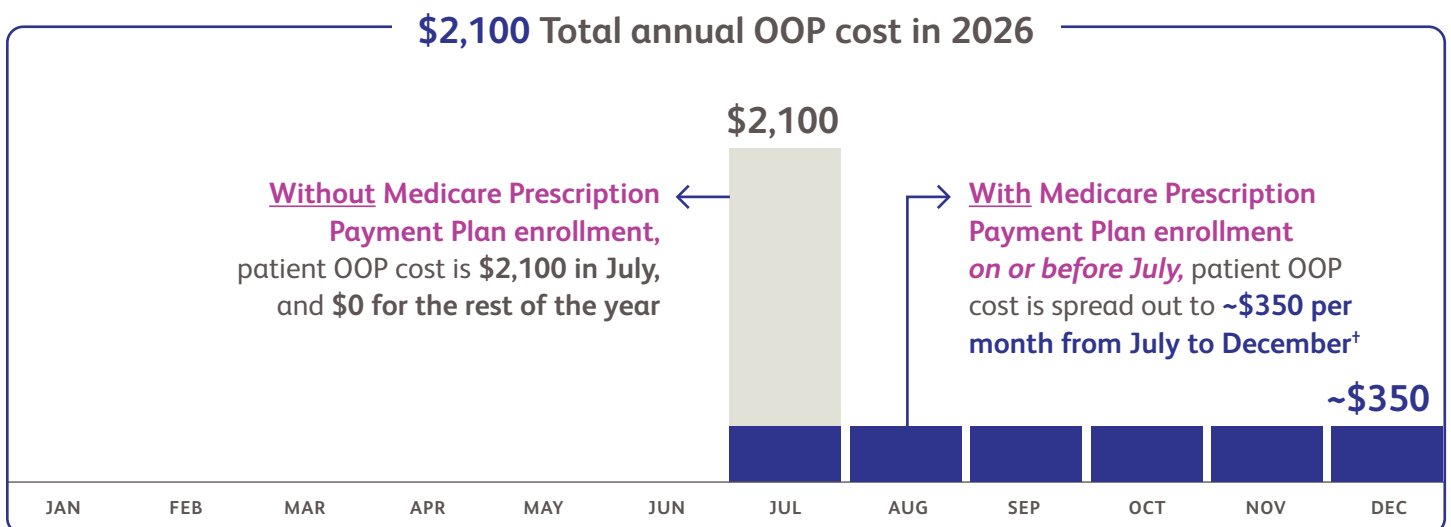
**Note:** The following are hypothetical patients and cost calculations. All costs presented in these examples are subject to change based on individual Part D plans, geography, and costs associated with healthcare facilities. Medicare Part D premiums are not included in the cost analysis.

**Patient 1** is prescribed a brand-name specialty drug called Drug X in **January 2026**. Drug X has a price of \$120,000/year (\$10,000/month), but that is not what they actually pay. The following example illustrates what Patient 1 would pay monthly.



\*Assume patient does not have any out-of-pocket cost incurred prior to the prescription fill for Drug X in January.

**Patient 2** is prescribed a brand-name specialty drug called Drug X in **July 2026**. Drug X has a price of \$120,000/year (\$10,000/month), but that is not what they actually pay. The following example illustrates what Patient 2 would pay monthly.



\*Assume patient does not have any out-of-pocket cost incurred prior to the prescription fill for Drug X in July.



Patients can contact their local **State Health Insurance Assistance Program (SHIP)** for free personalized help with Medicare like understanding their Medicare rights, comparing plans, fixing billing issues or switching coverage. Visit [www.shiphelp.org](http://www.shiphelp.org) for more information.<sup>9</sup>

Find support for your BMS medications at  
[BMSPatientSupportResources.com](http://BMSPatientSupportResources.com)



## Glossary

**Specialty drug:** High-cost prescription medication generally used to treat complex, chronic conditions

**Covered Part D drugs:** Outpatient drugs that are generally oral or self-administered, with a few exceptions, such as drugs used to treat weight loss or gain, and over-the-counter drugs

**Medicare:** Federal health insurance run by the Centers for Medicare & Medicaid Services (CMS) for people 65 or older and some people under 65 with certain disabilities or conditions

**Medicare Advantage Prescription Drug (MAPD) plan:** A Medicare Advantage Prescription Drug (MAPD) plan is a type of Medicare Advantage plan (also known as Medicare Part C) that includes coverage for prescription drugs. These plans are offered by private insurance companies approved by Medicare and provide all the benefits of Original Medicare (Part A and Part B). A Medicare beneficiary under a MAPD plan would have Part A, B, and D coverage, all under one plan.

**Part D plan sponsor:** Private insurers that provide Part D drug benefits to Medicare beneficiaries

**Prescription Drug Plan (PDP):** A type of insurance plan that helps cover the cost of prescription medications. These plans are often part of Medicare Part D, which is designed to help Medicare beneficiaries pay for their prescription drugs

**Standard benefit:** In 2026, the standard Part D benefit design will consist of 3 phases, with an annual out-of-pocket threshold capped at \$2,100:

Annual Deductible Phase

Initial Coverage Phase

Catastrophic Coverage Phase

**Enhanced Alternative (EA):** A type of Medicare Part D prescription drug plan that offers additional benefits beyond the standard coverage

**State Health Insurance Assistance Program (SHIP):** Free, government-funded service that provides independent, local counseling to people with Medicare.

**References:** **1.** Final CY 2026 Part D Redesign Program Instructions. CMS. <https://www.cms.gov/files/document/final-cy-2026-part-d-redesign-program-instruction.pdf>. Accessed July 10, 2025. **2.** Federal Register - Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit program, Medicare Cost Plan Program, and Programs for All-Inclusive Care for the Elderly. <https://www.federalregister.gov/documents/2025/04/15/2025-06008/medicare-and-medicare-programs-contract-year-2026-policy-and-technical-changes-to-the-medicare>. Accessed on July 10, 2025. **3.** Understanding Medicare Advantage & Medicare Drug Plan Enrollment Periods. <https://www.cms.gov/files/document/understanding-map-part-d-enrollment-periods.pdf>. Accessed on July 10, 2025. **4.** Medicare Advantage and Part D Enrollment and Disenrollment Guidance. <https://www.cms.gov/files/document/cy-2026-cd-enrollment-and-disenrollment-guidance.pdf>. Accessed July 10, 2025. **5.** Medicare Prescription Payment Plan: Final Part One Guidance. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-one-guidance.pdf>. Accessed July 10, 2025. **6.** Medicare Prescription Payment Plan: Final Part Two Guidance. CMS. <https://www.cms.gov/files/document/medicare-prescription-payment-plan-final-part-two-guidance.pdf>. Accessed July 10, 2025. **7.** Final Likely to benefit notice. CMS Model Materials. <https://www.medicare.gov/prescription-payment-plan/will-this-help-me>. Accessed July 10, 2025. **8.** Final Election Request Form. CMS Model Materials. <https://www.cms.gov/inflation-reduction-act-and-medicare/part-d-improvements/medicare-prescription-payment-plan>. Accessed July 10, 2025. **9.** About SHIPs. <https://www.shiphelp.org/about-us>. Accessed on July 10, 2025.