

A guide to 2024 Medicare Part D

Coverage for specialty drugs



Important changes to Medicare Part D^{1*}

The Inflation Reduction Act (IRA) includes several provisions addressing prescription drug costs for people with Medicare, including a number of changes to the Medicare Part D benefit.

Starting in 2024, the 5% coinsurance requirement for Part D enrollees in the Catastrophic Phase will be eliminated. See below for an overview of the 2024 Medicare Part D standard benefit design.

The 4 phases of Medicare Part D

LEGEND:



Patient



Medicare Part D Plan



Manufacturer

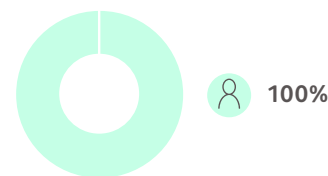


Government (Medicare)

Phase 1: Deductible Phase^{1,2}

Health plans require patients to pay the entire deductible amount for covered prescription drugs before providing any financial coverage, including for specialty drugs.

- A patient's deductible depends on the Medicare Part D plan which they are enrolled but will not exceed **\$545** in 2024.



Phase 2: Initial Coverage Phase^{1,2}

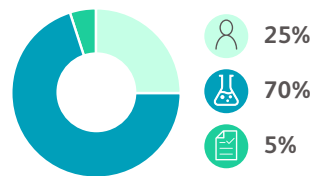
Once a patient pays the deductible, they start to pay **25%** of the prescription drug cost, and their Medicare Part D plan pays the rest. The initial coverage phase ends when the patient and Medicare plan jointly spend **\$5,030** on prescription drugs, excluding the part D premium. The patient then moves into the Coverage Gap Phase.



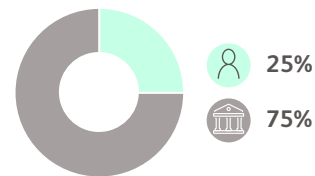
Phase 3: Coverage Gap Phase (also called the Donut Hole)^{1,2}

Patients enter the Coverage Gap Phase and continue to pay no more than **25%** of their prescription drug cost. The coverage gap phase ends when the patient and manufacturer jointly spend **\$8,000** on prescription drugs, and the patient then moves into the Catastrophic Coverage Phase.

For brand-name drugs:



For generic drugs:



Phase 4: Catastrophic Coverage Phase^{1,2}

NEW in 2024—Once entering the catastrophic phase, **patients are no longer responsible for 5% of the drug cost.** Medicare will cover 80% of the cost, while the health plan will pay 20%.



¹Additional changes to Medicare Part D, including a \$2,000 patient out-of-pocket cap, are expected in 2025.

Patient cost journey examples*

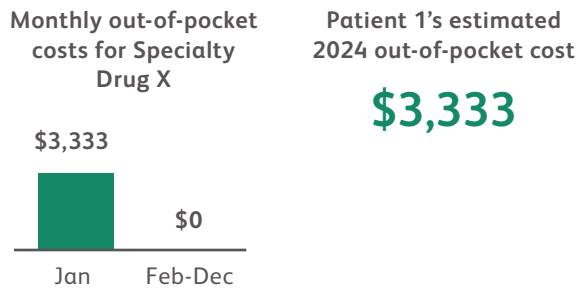
The cost of a specialty drug, regardless of drug price, goes through 4 phases of Medicare Part D

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.

Starting in 2024, there is no patient cost-sharing in the Catastrophic Phase¹

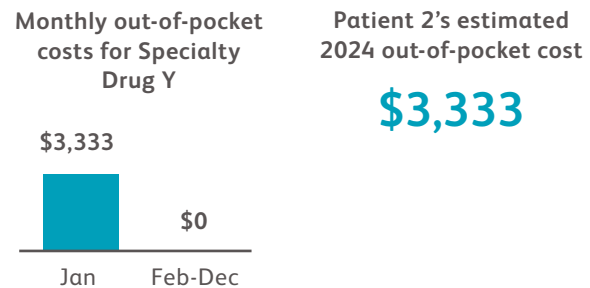
Example 1:

Patient 1 is taking a brand-name specialty drug called Drug X. Drug X has a price of **\$180,000/year (\$15,000/ month)**, but that is not what he actually pays. The example illustrates what Patient 1 would pay monthly:



Example 2:

Patient 2 is taking a brand-name specialty drug called Drug Y. Drug Y has a price of **\$300,000/year (\$25,000/month)**, but that is not what she actually pays. The example illustrates what Patient 2 would pay monthly:



Additional information about Medicare Part D

Explanation of benefits (EOB): Each month, the Medicare Part D plan will mail an EOB to patients. The EOB is not a bill. It informs patients which Part D phase they are currently in, your total out-of-pocket (OOP) payments to date, and other detailed information about your claims

Medicare: For specific billing questions and questions about claims, medical records, or expenses, call **800-MEDICARE (800-633-4227)**

Social Security Extra Help: Patients with low income may be eligible for Extra Help that further reduces their OOP cost. Call **800-772-1213**

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The accurate completion of reimbursement- or coverage-related documentation is the responsibility of the healthcare provider and patient. Bristol Myers Squibb and its agents make no guarantee regarding reimbursement for any service or item.

*Starting in 2025, patient out-of-pocket drug spending will be capped at \$2,000.¹

References: **1.** Kaiser Family Foundation. Changes to Medicare Part D in 2024 and 2025 Under the Inflation Reduction Act and How Enrollees Will Benefit. <https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflation-reduction-act-and-how-enrollees-will-benefit/>. Accessed July 10, 2023. **2.** Q1Group. 2024 Medicare Part D Outlook. <https://q1medicare.com/PartD-The-2024-Medicare-Part-D-Outlook.php>. Accessed July 10, 2023.