

DEPARTMENT OF HEALTH & HUMAN
SERVICES
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CENTER FOR MEDICARE

DATE: May 8, 2025

TO: All Part D Sponsors

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Update to Frequently Asked Questions related to the Medicare Prescription Payment Plan for CY2025

CMS developed a set of frequently asked questions (FAQs) to help Part D sponsors and other interested parties successfully implement the Medicare Prescription Payment Plan. Beginning in CY 2025, Part D sponsors are required to provide all Part D enrollees with the option to pay their out-of-pocket (OOP) prescription drug costs in monthly amounts over the course of the plan year instead of paying OOP costs at the point of sale (POS).

In these FAQs, we provide clarifications on the final part one guidance for the Medicare Prescription Payment Plan, issued February 29, 2024, and the final part two guidance for the Medicare Prescription Payment Plan, issued July 16, 2024.^{1, 2} CMS originally released this FAQ document in the October 1, 2024, HPMS memo *Frequently Asked Questions related to the Medicare Prescription Payment Plan* and subsequently updated it in November 2024. New information has been added in *red italics*. This document will continue to be updated with additional FAQs as needed.

Please direct any questions regarding the information included in these FAQs to MedicarePrescriptionPaymentPlan@cms.hhs.gov.

1. Can a Part D enrollee participating in the Medicare Prescription Payment Plan still receive charitable assistance to support their out-of-pocket costs for covered Part D drugs?

¹ Medicare Prescription Payment Plan guidance documents and other resources are available at: <https://www.cms.gov/inflation-reduction-act-and-medicare/part-d-improvements/medicare-prescription-payment-plan>.

² See Contract Year 2026 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly Final Rule (CMS-4208-F), for Medicare Prescription Payment Plan requirements for 2026 and future years: <https://www.federalregister.gov/public-inspection/2025-06008/medicare-and-medicaid-programs-contract-year-2026-policy-and-technical-changes-to-the-medicare>.

Yes. Our guidance does not prohibit charitable assistance programs, such as qualified State Pharmaceutical Assistance Programs (SPAPs), AIDS Drug Assistance Programs (ADAPs) and bona fide charities, from reimbursing Medicare beneficiaries directly for out-of-pocket costs for covered Part D drugs or making payments to Part D sponsors on behalf of enrollees participating in the Medicare Prescription Payment Plan. The Medicare Prescription Payment Plan does not interfere with any existing arrangements or practices between these organizations, Part D sponsors, and enrollees.

As stated in section 50.1 of the final part one guidance, the transaction processed through the Medicare Prescription Payment Plan Bank Identification Number (BIN) and Processor Control Number (PCN) should be submitted last, in order to capture the final patient responsibility amount after all other payers have paid, so that the Part D sponsor can pay the pharmacy for the amount the participant would otherwise owe at the POS to obtain their prescription. If the program participant receives charitable assistance for their covered Part D drugs or has supplemental coverage, that coverage should be processed prior to submitting the final transaction to the program-specific BIN/PCN. The requirements outlined in section 50.1 of the final part one guidance will allow Part D sponsors to continue to process claims in the established payer order discussed in the Medicare Prescription Drug Benefit Manual Chapter 14, Section 30.3. As a reminder, the Medicare Prescription Payment Plan BIN/PCN transaction is not considered to be other health insurance (OHI) or a separate payer; this process does not change any existing rules for determining payer order when an enrollee has other coverage in addition to Part D.

2. If a Part D enrollee participating in the Medicare Prescription Payment Plan makes a mid-year plan switch between plan benefit packages (PBPs) offered by the same Part D sponsor, can the Part D sponsor keep the enrollee's Medicare Prescription Payment Plan election active under the new PBP?

No. Election into the Medicare Prescription Payment Plan takes place at the PBP level. As discussed in section 70.4 of the final part one guidance, when a Part D enrollee disenrolls from a Part D plan, such as when switching plans during the coverage year or for a subsequent coverage year, their participation in the Medicare Prescription Payment Plan, as administered by the Part D sponsor losing the enrollee, effectively ends. Consistent with Part D plan enrollment processes, this is the case even when the first plan and second plan are administered by the same Part D sponsor. CMS clarifies that the Part D sponsor of the new plan may not automatically sign up the individual for the Medicare Prescription Payment Plan under the individual's new plan. The Part D enrollee may choose to elect into the program with their new Part D plan.

3. Under what circumstances may a Part D sponsor deny a request to participate in the Medicare Prescription Payment Plan? Will CMS release a model notice of denial?

As discussed in section 70.3 of the final part one guidance, if an individual's request to participate in the Medicare Prescription Payment Plan is denied, the Part D sponsor must notify the individual and explain the reason for denial. CMS is not providing a model notice of denial for CY 2025 but will monitor the need for additional model materials in future years.

CMS notes that in CY 2025, an individual's Medicare Prescription Payment Plan election request may be denied if they are not a member of the Part D plan, if they fail to submit the information requested within the timeframe listed on the request, or if they switch to a new plan offered by the same Part D sponsor and have a past due balance with their prior plan. However, the Part D sponsor must not deny a Medicare Prescription Payment Plan election request due to delays in the Part D plan enrollment process that are the fault of the Part D sponsor or CMS. If system issues or delays in the Part D plan enrollment process result in the Part D sponsor not receiving confirmation of Part D plan enrollment within ten calendar days of receiving the election request, the Part D sponsor may wait to receive confirmation of Part D plan enrollment from CMS before notifying the individual of their program election request status. We also remind Part D sponsors that they may not require a Part D enrollee to answer questions about or provide documentation demonstrating their ability to pay their Medicare Prescription Payment Plan balance as a condition of accepting an election into the Medicare Prescription Payment Plan.

4. When can a Part D enrollee elect to participate in the Medicare Prescription Payment Plan prior to the plan year?

Part D sponsors must allow Part D enrollees to opt into the Medicare Prescription Payment Plan prior to the beginning of the plan year or in advance of a new plan enrollment effective date during a plan year. This includes any time between the beginning of the Part D Annual Election Period and the beginning of the plan year, and any time between the beginning of an initial Part D enrollment period or special election period and the plan enrollment effective date. For example, a Part D enrollee may opt into the Medicare Prescription Payment Plan for CY 2025 during the Annual Election Period beginning on October 15, 2024, and may also opt into the Medicare Prescription Payment Plan during the period between the Annual Election Period and the beginning of the plan year.

When a Part D sponsor receives a program election request for the next, upcoming plan year (or in advance of a new plan enrollment effective date during a plan year) through either an election request form or through other means (as outlined in section 70.3.1 of the final part one guidance), the Part D sponsor must process the request within 10 calendar days of receipt, or the number of calendar days before the plan enrollment starts, whichever is shorter.

5. How should Part D sponsors refer to the Medicare Prescription Payment Plan in their outreach and educational materials?

After multiple rounds of consumer testing and evaluation of the results, CMS announced in the draft part one guidance that the shorthand name for the Maximum Monthly Cap on Cost-Sharing Payments Program established by the Inflation Reduction Act (IRA) (P.L. 117-169) is the “Medicare Prescription Payment Plan.” As stated in the final part one guidance, the name “Medicare Prescription Payment Plan” should be used in any guidance and communications by Part D sponsors related to this program. CMS is not using “M3P,” “MPPP,” or any other acronym as approved terms for the program and encourages Part D sponsors to use the CMS-developed fact sheet as the basis of their materials for the 2025 plan year.

6. Are Part D sponsors required to deliver the notice of acceptance of election telephonically and via written notice for web-based election requests that are approved and effectuated in real time?

As stated in section 30.3.2 of the final part two guidance, for election requests received during the plan year through any mechanism (paper, telephone, or electronic), the Part D sponsor must deliver the notice of acceptance of election within the specified timeframe first telephonically and then via written notice.

The final part two guidance also clarifies that if a Part D sponsor is processing an election request over the phone and is able to confirm the election request is approved and the Part D enrollee’s participation is active immediately, the same, single phone call can serve to meet the acceptance of election telephone notification requirement.

The same flexibility applies for electronic election requests made using the Part D sponsor’s website. If the electronic election request is approved and effectuated in real time and the Part D sponsor is able to provide an immediate digital confirmation of program participation, the Part D sponsor is not required to also deliver the notice of acceptance of election via phone call. The Part D sponsor must still send the written notice within three calendar days.

7. Are drugs covered through a pharmaceutical manufacturer patient assistance program (PAP) eligible for the Medicare Prescription Payment Plan?

No. As stated in section 20 of the final part one guidance, only covered Part D drugs are eligible for the Medicare Prescription Payment Plan.³ Although Part D enrollees may receive assistance with drug costs through manufacturer PAPs, PAPs operate outside of the Part D benefit,⁴ meaning that PAP-covered drugs are ineligible for inclusion in the Medicare Prescription Payment Plan. If a Part D enrollee participating in the Medicare Prescription Payment Plan has other prescriptions for covered Part D drugs (not included

³ Medicare Prescription Payment Plan guidance documents and other resources are available at: <https://www.cms.gov/inflation-reduction-act-and-medicare/part-d-improvements/medicare-prescription-payment-plan>.

⁴ Medicare Prescription Drug Benefit Manual Chapter 14 - Coordination of Benefits: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/Chapter-14-Coordination-of-Benefits-v09-14-2018.pdf>.

in the manufacturer PAP), those prescriptions would be included in the Medicare Prescription Payment Plan. Please refer to example B17 in the final part one guidance, which demonstrates how program calculations would work in this scenario.

8. ***What are Part D sponsors required to do when they don't receive Medicare Prescription Payment Plan claim transactions from pharmacies at the expected time or receive transactions with amounts lower than expected? These situations may occur when the pharmacy does not submit a \$0 transaction to the Part D sponsor's Medicare Prescription Payment Plan BIN/PCN or submits a transaction with a dollar amount that is lower than the primary Medicare Part D patient pay amount and no other payers are identified.***

CMS is aware that there will not always be a one-to-one match between Part D claim responses and transactions submitted to a Part D sponsor's Medicare Prescription Payment Plan BIN/PCN. This can occur when a supplemental payer funds all or part of a participant's cost sharing. As stated in the final part one guidance, CMS recognizes the importance of charitable organizations and other supplemental payers in reducing or eliminating out-of-pocket costs for eligible Part D enrollees. When an enrollee's cost sharing is reduced by another payer, the pharmacy is responsible for conveying reduced cost sharing amounts to the plan's Medicare Prescription Payment Plan BIN/PCN. However, as noted in section 50.1 of the final part one guidance, when the final adjustment eliminates enrollee cost sharing, pharmacies are not required to send the resulting \$0 transaction to the plan's Medicare Prescription Payment Plan BIN/PCN.

CMS recognizes that when a pharmacy does not submit a \$0 transaction to the Part D sponsor's Medicare Prescription Payment Plan BIN/PCN or submits a transaction with a dollar amount that is lower than the primary Medicare Part D patient pay amount, the Part D sponsor may lack documentation to determine the amount paid by a supplemental payer. However, specifically related to the Medicare Prescription Payment Plan, there is no CMS requirement to track or obtain documentation from the pharmacy that an enrollee's cost sharing was reduced or eliminated by another payer.

Additionally, CMS is aware that pharmacies may sometimes process supplemental payer claims outside of National Council for Prescription Drug Programs (NCPDP) standard transactions. In the case of non-standard claims for Medicare Prescription Payment Plan participants (such as a claim not being processed in real time, resulting in delays in reporting enrollee cost sharing), pharmacies should submit updated cost sharing to the plan in compliance with the plan's timely filing deadline. As noted in Chapter 14, section 50.14.6 of the Medicare Prescription Drug Benefit Manual, CMS requires sponsors to establish at least a 90-day claims filing timeframe.

As with all pharmacy transactions, pharmacies should preserve records to demonstrate compliance with federal law, outside of their obligations to Part D sponsors.

9. ***If a Part D enrollee's participation in the Medicare Prescription Payment Plan is terminated because they are erroneously disenrolled from their Part D plan, should***

the Part D sponsor automatically reinstate the enrollee's participation in the Medicare Prescription Payment Plan after reinstating the individual in their Part D plan?

Yes. When an individual is erroneously disenrolled and subsequently reinstated in their Part D plan, the Part D sponsor must also reinstate the individual's participation in the Medicare Prescription Payment Plan. After notifying the member of the plan reinstatement, Part D sponsors must follow requirements outlined in Section 30.3.2 of the final part two guidance to communicate that the individual's participation in the Medicare Prescription Payment Plan has been effectuated. Part D sponsors must process a retroactive election back to the original date when the individual should have been effectuated into the Medicare Prescription Payment Plan. As stated in section 30.3.6 of the final part one guidance, in the case of retroactive election, the Part D sponsor must reimburse the participant for any OOP cost sharing paid while the member's participation in the Medicare Prescription Payment Plan was incorrectly terminated and include those amounts, as appropriate, in a monthly bill under the program.

- 10. If a Part D enrollee owes an overdue Medicare Prescription Payment Plan balance and switches to another Part D plan offered by the same parent organization, is the Part D sponsor required to send a Medicare Prescription Payment Plan election request form and/or comply with other program requirements, including targeted outreach?***

If a Part D enrollee is precluded from participating in the Medicare Prescription Payment Plan and switches to another Part D plan offered by the same parent organization, the Part D sponsor is not required to send a Medicare Prescription Payment Plan election request form or information on the Medicare Prescription Payment Plan as required by section 30.1.1 of the final part two guidance. The Part D sponsor is also not required to perform other targeted outreach activities to currently precluded enrollees, including the notification to the pharmacy that an individual is likely to benefit from the program.