

Example 2:

You take several drugs that have a total out-of-pocket cost of \$80 each month. In January 2025, you join the Medicare Prescription Payment Plan through your Medicare drug plan or Medicare health plan with drug coverage.

We calculate your first month's bill in the Medicare Prescription Payment Plan differently than your bill for the rest of the months in the year:

- **First, we figure out your “maximum possible payment” for the first month:**

$$\begin{array}{r} \$2,000 \text{ [annual out-of-pocket maximum]} \\ - \$0 \text{ [no out-of-pocket costs before using this payment option]} \\ \hline = \$2,000 \end{array} \qquad = \$166.67 \text{ [your “maximum possible payment” for the first month]}$$
$$\frac{\quad}{12 \text{ [remaining months in the year]}}$$

- **Then, we figure out what you'll pay for January:**

- Compare your total out-of-pocket costs for January (\$80) to the “maximum possible payment” we just calculated: \$166.67.
- **Your plan will bill you the lesser of the two amounts.** So, you'll pay \$80 for the month of January.
- You have a remaining balance of \$0.

For February and the rest of the months left in the year, we calculate your payment differently:

$$\begin{array}{r} \$0 \text{ [remaining balance]} + \$80 \text{ [new costs]} = \$80 \\ \hline \end{array} \qquad = \$7.27 \text{ [your payment for February]}$$
$$\frac{\quad}{11 \text{ [remaining months in the year]}}$$

We'll calculate your March payment like we did for February:

$$\begin{array}{r} \$72.73 \text{ [remaining balance]} + \$80 \text{ [new costs]} = \$152.73 \\ \hline \end{array} \qquad = \$15.27 \text{ [your payment for March]}$$
$$\frac{\quad}{10 \text{ [remaining months in the year]}}$$

Even though your payment varies each month, by the end of the year, **you'll never pay more than:**

- The total amount you would have paid out-of-pocket.
- The total annual out-of-pocket maximum (\$2,000 in 2025).

Remember, this is just your monthly payment for your out-of-pocket drug costs. You still need to pay your health or drug plan's premium (if you have one) each month.

Example 2: Start participating in January with consistent costs throughout the year

Month	Your drug costs (without this payment option)	Your monthly payment (with this payment option)	Notes
January	\$80.00	\$80.00	This is when you started using this payment option. Remember, your first month's bill is based on the "maximum possible payment" calculation. We calculate your bill for the rest of the months in the year differently.
February	\$80.00	\$7.27	
March	\$80.00	\$15.27	
April	\$80.00	\$24.16	
May	\$80.00	\$34.16	
June	\$80.00	\$45.59	
July	\$80.00	\$58.93	
August	\$80.00	\$74.92	
September	\$80.00	\$94.93	
October	\$80.00	\$121.59	
November	\$80.00	\$161.59	
December	\$80.00	\$241.59	
Total	\$960.00	\$960.00	You'll pay the same total amount for the year, even if you don't use this payment option.

Depending on your specific circumstances, you might not benefit from using this payment option due to the higher payments that start in September. Contact your health or drug plan for personalized help.



Medicare

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