

UNDERSTANDING THE MEDICARE PRESCRIPTION PAYMENT PLAN

Overview

Medicare recipients can now enroll in the Medicare Prescription Payment Plan (MPPP). This program allows recipients to spread out the cost of prescriptions over the course of the year.

The program was designed for individuals with high copays, experiencing significant costs at the pharmacy until they meet their maximum out of pocket spend (\$2,000 in 2025).

Under the MPPP, a patient would be billed monthly by Medicare instead of paying a copay at the pharmacy.

For someone who has low drug costs or is considering enrollment late in the year, MPPP could result in higher total prescription spend, so patients should evaluate if this model is the right fit for them.

Example

Under the standard Medicare coverage model, a patient has a copay of \$600 per month.

In January, February, and March, they would spend \$600 at the pharmacy counter.

In April, they would pay \$200 at the pharmacy, bringing them to their max out of pocket spend of \$2,000, leaving them with no copay for the remainder of the year.

If the same patient enrolled in MPPP prior to their January fill, they would receive a bill directly from Medicare each month and pay nothing at the pharmacy counter. The monthly billing structure is a little complicated, re-calculating each month based on the remaining portion of the max out of pocket and the expected copay of the medication(s) for the month, divided by the number of months remaining in the year (depicted below). In this example, MPPP could ease the copay burden for the patient early in the year.

Month	Copay	Formula	Month	Copay	Formula
Jan	\$166.67	$\$2000 / 12 \text{ months}$	May	\$295.61	Balance Forward + \$600 / 8 months
Feb	\$93.94	Balance Forward + \$600 / 11 months	Jun	\$381.32	Balance Forward + \$600 / 7 months
Mar	\$153.94	Balance Forward + \$600 / 10 months	Jul	\$372.01	Balance Forward + \$600 / 6 months
Apr	\$220.61	Balance Forward + \$600 / 9 months	Aug	\$206.60	Balance Forward + \$600 / 5 months

FQHC Implications

Many FQHCs pass on 340B savings to low-income Medicare patients by providing discounts on copays.

It is important for FQHC pharmacies to know that they will no longer be able to pass along direct 340B discounts for patients who have enrolled in the MPPP.

Since the patient will pay the monthly fee directly to their Medicare plan and there will not be a copay at the pharmacy, there will be no way to add the copay discounts that were previously utilized.

In the example above, the health center may have been able to apply a sliding fee scale as the secondary payer on a claim to lower the copay for the patient, however, the MPPP eliminates that possibility.