

Overview of Medicare Part D

“Extra Help,” or a Low-Income Subsidy (LIS), May Be Available for Your Medicare Patients¹

What is Medicare Part D?

The Medicare Prescription Drug Program, or “Part D,” offers prescription drug coverage to all Medicare beneficiaries.

To obtain coverage, individuals enroll in either a stand-alone Prescription Drug Plan (PDP) or a Medicare Advantage PDP, administered by an insurance company approved by Medicare.²

How much do patients pay under Part D?

The Centers for Medicare & Medicaid Services (CMS) sets a defined standard benefit each year, but plans are permitted to offer coverage (basic or enhanced) that is actuarially equivalent to this benefit. Nearly all plans opt to offer actuarially equivalent coverage, meaning that plans vary in terms of cost and drugs covered. The standard benefits design consists of a monthly premium, a yearly deductible, copayments or coinsurance, and catastrophic coverage. Additionally, Medicare Part D categorizes drugs into tiers, each with different costs; lower-tier drugs are generally less expensive than higher-tier ones.^{2,3}

Part D: Sample Costs per Tier

		Copay/Coinsurance Range ^{4,a}	LIS Copay ²
TIER 1	Preferred generic	Copayment: \$0	No more than \$12.15 ^{b,c}
TIER 2	Generic	Copayment: \$5	
TIER 3	Preferred brand	Copayment: \$47 Coinsurance: 22%	
TIER 4	Nonpreferred drug	Copayment: \$93 Coinsurance: 47%	
TIER 5	Specialty drug	Coinsurance: 25% to 33%	

^aFor the 2024 benefit year.
^bCopay amount subject to meeting out-of-pocket threshold for some qualified patients.
^cFor the 2025 benefit year.

How can Medicare patients get “Extra Help” with paying for their drugs?

Some patients with LIS, such as those who are dually eligible for Medicare and Medicaid, are deemed eligible, whereas others must apply. Enrollees with low incomes and modest assets who have not been automatically assigned to a plan can **contact the Social Security Administration (SSA) or their State Medicaid Agency** to determine whether they qualify. Examples of how subsidies can help are shown below.^{2,3}

About LIS (“Extra Help”): Available to Enrollees of Medicare Part D

LIS eligibility and cost sharing⁵

The 2025 federal poverty level (FPL) guidelines determine the income-level requirements for people applying for the Medicare Part D LIS program, also known as the *Extra Help program*.

- » The amount of Extra Help a beneficiary receives depends on his or her income and resources
- » Beneficiaries will receive either a full subsidy or a partial subsidy

Part D: Typical Costs for Beneficiaries Receiving LIS (Extra Help)^a

Medicare beneficiaries whose income is ≤100% of FPL and who may automatically receive the full LIS benefit	Up to \$4.80 copayment until \$2,000 out-of-pocket-threshold is reached
Medicare beneficiaries whose income is <150% of FPL (with asset levels valued at no more than \$15,720 for singles and \$31,360 for couples) and who may receive partial LIS benefits	Up to \$12.15 copayment until \$2,000 out-of-pocket-threshold is reached

^aFor the 2025 benefit year.

Where Can Patients Go For More Information?

SSA^{2,6}

- SSA allows certain individuals to get Extra Help with paying monthly premiums, annual deductibles, and copays related to Medicare Part D
- Patients can find more information by going to www.ssa.gov/extrahelp or calling **1-800-772-1213**
- Patients can visit socialsecurity.gov/i1020 to apply online

STATE MEDICAID CASE MANAGERS²

- Medicaid case managers can also help patients apply for Extra Help
- To get the phone number of a state Medicaid case manager, visit Medicare.gov/talk-to-someone and choose your state and state medical assistance office, or call **1-800-MEDICARE (1-800-633-4227)**

Once an individual has been approved, receiving the LIS subsidy is fairly quick and easy.

Patients will receive a notification explaining that they're approved and what their reduced copay will be.⁴

Dual Eligibility for Patients With Serious Mental Illness (SMI)

Dual eligible is a term used to describe an individual enrolled in Medicare and Medicaid.⁷

- » Many patients with SMI are dual-eligible beneficiaries⁸
- » Dual-eligible patients often have low to no premiums and copayments⁷

Two Ways Patients Qualify for Dual Eligible Status

1 INDIVIDUAL WHO STARTS ON MEDICARE (65 YEARS OR OLDER) AND QUALIFIES FINANCIALLY

- Meet category requirements for low income subsidy (LIS) or “Extra Help”⁷
- May have required institutional/nursing home care and incurred significant costs that bring the patient’s income down to Medicaid-eligible levels⁸

2 INDIVIDUAL WHO STARTS ON MEDICAID (UNDER AGE 65) AND QUALIFIES BASED ON THEIR DISABILITY

- » Have received disability benefits from Social Security for 24 months based on a qualifying health disorder, including mental disorders^{8,9}
 - — Schizophrenia is among the mental disorders that may qualify a patient for disability¹⁰
- » Have end-stage renal disease (ESRD) or amyotrophic lateral sclerosis (ALS)^{8,11}

Medicare is the primary payer for dual-eligible beneficiaries, and Medicaid is the payer of last resort.⁷



It is important to request to see the patient’s pharmacy benefit card to verify that Medicare is the payer responsible for their prescription benefit.

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References: 1. Social Security Administration. Apply for Medicare Part D Extra Help program. Accessed September 17, 2024. <https://www.ssa.gov/benefits/medicare/prescriptionhelp.html> 2. Centers for Medicare & Medicaid Services. Medicare & You 2025. Accessed September 12, 2024. <https://www.medicare.gov/publications/i0050-medicare-and-you.pdf> 3. Kaiser Family Foundation. An overview of the Medicare Part D Prescription Drug Benefit. Accessed September 17, 2024. <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/> 4. Kaiser Family Foundation. Key facts about Medicare Part D enrollment, premiums, and cost sharing in 2024. Accessed September 12, 2024. <https://www.kff.org/medicare/issue-brief/key-facts-about-medicare-part-d-enrollment-premiums-and-cost-sharing-in-2024> 5. Centers for Medicare & Medicaid Services. Announcement of calendar year (CY) 2025 Medicare advantage (MA) capitation rates and Part C and Part D Payment Policies. Accessed September 12, 2024. <https://www.cms.gov/files/document/2025-announcement.pdf> 6. Social Security Administration. Understanding the Extra Help with your Medicare prescription drug plan. Accessed September 12, 2024. <https://www.ssa.gov/pubs/EN-05-10508.pdf> 7. Centers for Medicare & Medicaid Services. Medicare Learning Network. Beneficiaries dually eligible for Medicare & Medicaid. Accessed September 17, 2024. https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Medicare_Beneficiaries_Dual_Eligibles_At_a_Glance.pdf 8. Feng Z, Vadnais A, Vreeland E, et al; US Department of Health and Human Services. Analysis of pathways to dual eligible status: final report. Accessed September 17, 2024. <https://aspe.hhs.gov/reports/analysis-pathways-dual-eligible-status-final-report-0> 9. United Healthcare Community Plan. Medicaid and Medicare and disability. Accessed September 17, 2024. <https://www.uhccommunityplan.com/dual-eligible/eligibility/disability> 10. Social Security Association. Disability evaluation under Social Security: 12.00 Mental disorders – adult. Accessed September 17, 2024. https://www.ssa.gov/disability/professionals/bluebook/12.00-MentalDisorders-Adult.htm#12_02 11. American Council on Aging. Dual eligibility for Medicare and Medicaid: requirements & benefits for long term care. Accessed September 17, 2024. <https://www.medicaidplanningassistance.org/dual-eligibility-medicare-medicaid/>