

Overview of Medicare Part D

“Extra Help,” or a
Low-Income Subsidy (LIS),
may be available for
your Medicare patients.¹



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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 benefit design consists of a monthly premium, a yearly deductible, co-payments 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

		Co-pay/Coinsurance Range ^{4,a}	LIS Co-pay ²
Tier 1	Preferred generic	Co-payment: \$0	No more than \$5.10 ^{b,c}
Tier 2	Generic	Co-payment: \$5	
Tier 3	Preferred brand	Co-payment: \$47 Coinsurance: 21% to 24%	No more than \$12.65 ^{b,c}
Tier 4	Nonpreferred drug	Co-payment: \$100 Coinsurance: 40% to 42%	
Tier 5	Specialty drug	Coinsurance: 25% to 30%	

^aFor the 2025 benefit year.

^bCo-pay amount subject to meeting out-of-pocket (OOP) threshold for some qualified patients (see center panel).

^cFor the 2026 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 (see next page for information about dual eligibility), 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 sharing²

Medicare Part D enrollees with limited income and resources may qualify for the Medicare Part D LIS program, also known as the *Extra Help* program.

- Qualifying for extra help depends on an enrollee’s income and resources

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

Single enrollees who have: <ul style="list-style-type: none"> • Yearly income <\$23,475 • Resources <\$17,600 	Up to \$5.10 per generic drug and up to \$12.65 per brand-name drug until \$2,100 OOP is reached
Married enrollees living with a spouse and no other dependents who have: <ul style="list-style-type: none"> • Yearly income <\$31,725 • Resources <\$35,130 	

^dFor the 2026 benefit year.

Where can patients go for more information?

SSA^{2,5}

- SSA allows certain individuals to get Extra Help with paying monthly premiums, annual deductibles, and co-pays related to Medicare Part D
- Patients can find more information by going to <https://www.ssa.gov/extrahelp> or calling 1-800-772-1213
- Patients can visit <https://secure.ssa.gov/i1020/start> 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 <https://www.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 co-pay will be.²

Dual eligibility for patients with serious mental illness (SMI)

Dual eligible is a term used to describe an individual enrolled in both Medicare and Medicaid.⁶

- Many patients with SMI are dually eligible beneficiaries⁷
- Dually eligible patients often have low to no premiums and co-payments⁶

Two ways patients qualify for dual eligible status

INDIVIDUALS WHO START ON MEDICARE (65 YEARS OR OLDER) AND QUALIFY FINANCIALLY

1

- Meet category requirements for LIS, or “Extra Help”⁶
- May have required institutional/nursing home care and incurred significant costs that bring the patient’s income down to Medicaid-eligible levels⁷

INDIVIDUALS WHO START ON MEDICAID (YOUNGER THAN 65 YEARS) AND QUALIFY BASED ON THEIR DISABILITY

2

- Have received SSA disability benefits for 24 months based on a qualifying health disorder, including mental disorders^{7,8}
 - » Schizophrenia is among the mental disorders that may qualify a patient for disability⁹
- Have end-stage renal disease or amyotrophic lateral sclerosis^{7,10}

Medicare is the primary payer for dually eligible beneficiaries, and Medicaid is the payer of last resort.⁶



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 August 16, 2025. <https://www.ssa.gov/benefits/medicare/prescriptionhelp.html> **2.** Centers for Medicare & Medicaid Services. *Medicare & You 2025*. January 2025. Accessed August 26, 2025. <https://www.medicare.gov/publications/10050-medicare-and-you.pdf> **3.** Cubanski J. A current snapshot of the Medicare Part D prescription drug benefit. Kaiser Family Foundation. October 9, 2024. Accessed August 26, 2025. <https://www.kff.org/medicare/a-current-snapshot-of-the-medicare-part-d-prescription-drug-benefit/> **4.** Cubanski J, Damico A. Key facts about Medicare Part D enrollment, premiums, and cost sharing in 2025. Kaiser Family Foundation. July 16, 2025. Accessed August 26, 2025. <https://www.kff.org/medicare/key-facts-about-medicare-part-d-enrollment-premiums-and-cost-sharing-in-2025/> **5.** Social Security Administration. Understanding the *Extra Help* with your Medicare prescription drug plan. April 2025. Accessed August 26, 2025. <https://www.ssa.gov/pubs/EN-05-10508.pdf> **6.** Centers for Medicare & Medicaid Services. Medicare Learning Network. Beneficiaries dually eligible for Medicare & Medicaid. June 2024. Accessed August 26, 2025. <https://www.cms.gov/files/document/beneficiaries-dually-eligible-medicare-medicaid.pdf> **7.** Feng Z, Vadnais A, Vreeland E, Haber S, Wiener J, Baker B.. Analysis of pathways to dual eligible status: final report. US Department of Health and Human Services. May 8, 2019. Accessed August 26, 2025. <https://aspe.hhs.gov/reports/analysis-pathways-dual-eligible-status-final-report-0> **8.** United Healthcare. Medicaid and Medicare and disability. Updated December 2, 2022. Accessed August 26, 2025. <https://www.uhccommunityplan.com/dual-eligible/eligibility/disability> **9.** Social Security Administration. Disability evaluation under Social Security: 12.00 Mental disorders - adult. Accessed August 26, 2025. <https://www.ssa.gov/disability/professionals/bluebook/12.00-MentalDisorders-Adult.htm> **10.** American Council on Aging. Dual eligibility for Medicare and Medicaid: requirements & benefits for long term care. Updated January 26, 2025. Accessed August 26, 2025. <https://www.medicaidplanningassistance.org/dual-eligibility-medicare-medicaid/>

