

## Medicare Prescription Payment Plan Calculation Examples

**Example #1:** Sarah opts into the Medicare Prescription Payment Plan Program in January and her prescription fill is done in February.

Calculation of Maximum Monthly Cap in First Month:

- **Step 1: Determine the previously incurred costs before opting in.** In this scenario, there are no prior pharmacy costs in the plan year, therefore, previously incurred costs are \$0.
- **Step 2: Calculate the maximum monthly cap for the first month in which the enrollee has opted into the program.** The annual out-of-pocket threshold for 2025 is \$2,000. The month is January, so the months remaining in the plan year equals 12.  

$$(\$2,000 - \$0)/12 = \$166.67$$

Elevate Medicare Advantage will bill \$0 in January, since Sarah has not incurred any costs.

Calculation of Maximum Monthly Cap in Subsequent Months: In this example, Sarah goes to the pharmacy in February to fill a high-cost, short-course treatment.

- **Step 1: Determine the remaining costs owed.** Sarah incurred \$0 in January and was billed \$0.  

$$\$0 - \$0 = \$0$$
- **Step 2: Determine the additional out of pocket costs incurred.** Sarah fills a single prescription with an out-of-pocket cost of \$1,030.37. Additional out of pocket costs incurred = \$1,030.37
- **Step 3: Calculate the maximum monthly cap for the subsequent month.** The month is February, so the months remaining in the plan year equals 11.

$$(\$0 + \$1,030.37)/11 = \$93.67$$

The calculation for the subsequent months, described above, is repeated for each month remaining in the plan year and will change if there are additional out-of-pocket costs incurred by Sarah. If Sarah continues to have no new covered Part D prescription drug costs, her maximum monthly cap would be \$93.67 for all the months remaining in the plan year.

Month	OOP Costs Incurred	Maximum Monthly Cap	Monthly Payment
January	\$0	\$166.67	\$0
February	\$1,030.37	\$93.67	\$93.67
March	\$0	\$93.67	\$93.67
April	\$0	\$93.67	\$93.67
May	\$0	\$93.67	\$93.67
June	\$0	\$93.67	\$93.67
July	\$0	\$93.67	\$93.67
August	\$0	\$93.67	\$93.67
September	\$0	\$93.67	\$93.67
October	\$0	\$93.67	\$93.67
November	\$0	\$93.67	\$93.67
December	\$0	\$93.67	\$93.67
<b>TOTAL</b>	<b>\$1,030.37</b>		<b>\$1,030.37</b>

**Example #2:** Josh opts into the Medicare Prescription Payment Plan Program During Open Enrollment and has Low-Cost Drugs in January

Calculation of Maximum Monthly Cap in First Month:

In this situation, Josh had enough of his high-cost medication on hand for January and only fills a low-cost drug during the month. The out-of-pocket cost for this prescription is \$4.00.

- **Step 1: Determine the previously incurred costs before opting in.** In this scenario, there are no prior pharmacy costs in the plan year, therefore, previously incurred costs are \$0.
- **Step 2: Calculate the maximum monthly cap for the first month in which the enrollee has opted into the program.** The annual out-of-pocket threshold for 2025 is \$2,000. The month is January, so the months remaining in the plan year equals 12.  
$$(\$2,000 - \$0)/12 = \$166.67$$

Elevate Medicare Advantage will bill \$4 for January, since the incurred amount is lower than the cap.

*Note:* when the amount incurred in the first month in the program is less than the maximum monthly cap, Josh cannot be billed more than their actual out-of-pocket costs in the first month. Therefore, Josh should be billed \$4.00.

Calculation of Maximum Monthly Cap in Subsequent Months:

In this scenario, Josh does not need a refill of his low-cost prescription filled in January but refills his high-cost maintenance medication in February.

- **Step 1: Determine the remaining costs owed.** Josh incurred \$4.00 in January and was billed \$4.00.  
$$\$4.00 - \$4.00 = \$0$$
- **Step 2: Determine the additional out-of-pocket costs incurred.** Josh refills a high-cost prescription drug in February that causes him to reach the annual out-of-pocket threshold. Additional out-of-pocket costs incurred = \$1,996.
- **Step 3: Calculate the maximum monthly cap for the subsequent month.** The month is February, so the months remaining in the plan year equals 11.  
$$(\$0 + \$1,996.00)/11 = \$181.45$$

Because Josh has already met the 2025 annual out-of-pocket maximum of \$2,000 in February, he will incur no new additional out-of-pocket costs during the rest of the year. His maximum monthly cap and monthly payment would be appropriately \$181.45 for all months remaining in the plan year, as shown below.

Month	OOP Costs Incurred	Maximum Monthly Cap	Monthly Payment
January	\$4.00	\$166.67	\$4.00
February	\$1,996.00	\$181.45	\$181.45
March	\$0	\$181.45	\$181.45
April	\$0	\$181.45	\$181.45
May	\$0	\$181.45	\$181.45
June	\$0	\$181.45	\$181.45
July	\$0	\$181.45	\$181.45
August	\$0	\$181.45	\$181.45
September	\$0	\$181.45	\$181.45
October	\$0	\$181.45	\$181.45
November	\$0	\$181.45	\$181.45
December	\$0	\$181.45	\$181.45
<b>TOTAL</b>	<b>\$2,000.00</b>		<b>\$2,000.00</b>

**Example #3:** Kim opts into the Program in April and has a 90-day supply of a drug

*In this situation Kim presents to the Pharmacy in April to fill a 90-day supply of medication that costs \$617.00. She had previously filled low-cost monthly maintenance medications, so she has not yet reached her deductible. The out-of-pocket cost in April, including the remainder of the deductible would be \$617.00.*

Calculation of Maximum Monthly Cap in First Month:

- **Step 1: Determine the previously incurred costs before opting in.** Kim has filled multiple, low-cost generic medications from January through March 2025 and incurred costs of \$12.00.
- **Step 2: Calculate the maximum monthly cap for the first month in which the enrollee has opted in the program.** The annual out-of-pocket threshold for 2025 is \$2,000. The month is April, so the months remaining in the plan year equals 9.  
$$(\$2,000 - \$12.00)/9 = \$220.89$$

Elevate Medicare Advantage will bill \$220.89 for April, since the incurred amount of \$617.00 is higher than the cap.

Calculation of Maximum Monthly Cap for Subsequent Months:

- **Step 1: Determine the remaining costs owed.** Kim incurred \$617.00 in April and was billed \$220.89.  
$$\$617.00 - \$220.89 = \$396.11$$
- **Step 2: Determine the additional out-of-pocket costs incurred.** Kim refills her generic prescriptions in May. Additional out-of-pocket costs incurred = \$4.00.
- **Step 3: Calculate the maximum monthly cap for the subsequent month.** The month is May, so the months remaining in the plan year equals 8.  
$$(\$396.11 + \$4.00)/8 = \$50.01$$

If Kim continued this pattern of 90-day fills (with a \$120 copay after meeting the deductible in April) and monthly generic fills (\$4 copay), their maximum monthly cap would update as shown below.

Month	OOP Costs Incurred	Maximum Monthly Cap	Monthly Payment
January	\$4.00	N/A	\$4.00*
February	\$4.00	N/A	\$4.00*
March	\$4.00	N/A	\$4.00*
April	\$617.00	\$220.89	\$220.89
May	\$4.00	\$50.01	\$50.01
June	\$4.00	\$50.01	\$50.01
July	\$124.00	\$71.25	\$71.25
August	\$4.00	\$72.05	\$72.05
September	\$4.00	\$73.05	\$73.05
October	\$124.00	\$114.39	\$114.39
November	\$4.00	\$116.39	\$116.39
December	\$4.00	\$120.38	\$120.38
<b>TOTAL</b>	<b>\$901.00</b>		<b>\$901.00</b>

\*These payments were made directly to the pharmacy, outside of the program.