

CMS Issue CY 2025 Rate Announcement and Final Part D Redesign Program Instructions

- On April 1, 2024, the Centers for Medicare and Medicaid Services (CMS) issued CY 2025 Medicare Advantage (MA) and Part D Rate Announcement. The statement noted the following:
 - From 2024 to 2025, payments to MA plans are expected to increase by 3.70 percent.
 - The 2025 Rate Announcement Medicare FFS baseline includes FFS payments through the fourth quarter of 2023.
 - CMS will continue to phase in the updated risk adjustment model using the 2020 MA risk adjustment model.

- On April 1, 2024, CMS also issued the Final CY 2025 Part D Redesign Program Instructions, which reflects provisions of the Inflation Reduction Act (IRA). The final instructions noted the following:
 - For 2025, the IRA will make further substantial changes to the existing Part D benefit design and will have three phases: annual deductible, initial coverage, and catastrophic coverage.

 - The IRA removes the coverage gap phase and the Coverage Gap Discount Program (CGDP) and creates the Manufacturer Discount Program.

 - The annual out-of-pocket (OOP) threshold is reduced from \$8,000 in 2024 to \$2,000 as of January 1, 2025. Part D sponsors cannot lower the annual

OOP threshold below \$2,000.

- CMS will continue to allow the use of the creditable coverage simplified determination methodology and will re-evaluate in future guidance.

- The reinsurance payment amount is decreased from 80 percent to 20 percent for applicable drugs and to 40 percent for non-applicable drugs of the allowable reinsurance costs after the beneficiary exceeds the annual OOP threshold.

- Part D plans cannot apply the deductible to any Part D covered insulin product and are to charge no more than \$35 per month's supply of a covered insulin product.

- MA organizations and Part D sponsors are to report their Medical Loss Ratio (MLR) for each contract year and will be subject to financial and other penalties for a failure to have an MLR of at least 85 percent.

- Non-calendar year (NCY) Employer Group Waiver Plan (EGWPs) will be required to offer enrollees the option to participate in the Medicare Prescription Payment Plan.

More on This Topic:

- [Rate Announcement](#)
 - [Fact Sheet](#)
 - [Press Release](#)
 - [Capitation rate tables](#)

- [Advance notice](#)

- [Part D Redesign Program Instructions](#)
 - [Fact sheet](#)

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