

CMS Issues IRA Out-of-Pocket Smoothing Draft Guidance

- On August 21, 2023, the Centers for Medicare and Medicaid Services (CMS) issued Maximum Monthly Cap on Cost-Sharing Payments Under Prescription Drug Plans: Draft Part One Guidance on Select Topics, Implementation of Section 1860D-2 of the Social Security Act for 2025, and Solicitation of Comments (Draft Guidance).
- The Draft Guidance is intended to implement portions of the Inflation Reduction Act (IRA) relating to the maximum monthly cap on cost-sharing payments program, which is often referred to as out-of-pocket (OOP) smoothing. CMS is announcing that the new shorthand name for this program will be the “Medicare Prescription Payment Plan.”
- CMS will refer to Medicare beneficiaries who opt-in to the Medicare Prescription Payment Plan as participants. CMS discourages the use of the term “enroll” or “enrollee” when referring to an individual opting into or participating in the Medicare Prescription Payment Plan.
- Beginning in 2025, IRA requires Part D sponsors to provide all Part D enrollees with the option to pay their OOP prescription drug costs in monthly installments over the course of the plan year, instead of paying OOP costs at the POS.
- The Draft Guidance touches on a subset of topics relating to the Medicare Prescription Payment Plan, including:
 - Program calculations and examples.
 - Participant billing requirements.
 - Claims processing.
 - Opt-in requirements.
 - Mid-year plan changes.
 - Grace period and termination.
 - Reporting requirements.
- CMS is seeking comments on this Draft Guidance. Comments are due by September 20, 2023, to PartDPaymentPolicy@cms.hhs.gov with the subject line

“Medicare Prescription Payment Plan Guidance.”

- This Draft Guidance is expected to be finalized by spring 2024 and will be followed by a second round of guidance, set to be released by early 2024. CMS also intends to issue model language and other supporting materials in early 2024.

More on This Topic:

- [Draft Guidance](#)
- [Fact Sheet - Medicare Prescription Payment Plan](#)
- [Implementation Timeline](#)

For questions, please reach out to [Vicky Jucelin](#).

AMCP | 675 North Washington Street, Suite 220 | Alexandria, VA, 22314

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