

## CMS Issues the 2025 Advance Notice and Draft Part D Redesign Program Instructions

- On Jan. 31, 2024, the Centers for Medicare and Medicaid Services (CMS) issued the Calendar Year (CY) 2025 Advance Notice (Advance Notice) and Draft Part D Redesign Program Instructions.
- The Advance Notice includes:
  - Preliminary estimates of the key factors in determining the Medicare Advantage (MA) capitation rates—the national per capita MA growth percentage and the national Medicare fee-for-service growth percentage.
  - CY 2025 changes in the Part C payment methodology.
  - Annual adjustments to the Medicare Part D benefit parameters for the defined standard benefit and the CY 2025 changes in the Part D payment methodology.
  - Updated information on Star Ratings and solicitation of feedback on potential new measures and updates to existing measures.
  - Economic information about important provisions.
  - Preliminary risk adjustment factors.
- The Draft Part D Redesign Program Instructions provide draft guidance regarding the implementation of certain Inflation Reduction Act (IRA) provisions on the Part D drug benefit. Among the proposed provisions of the Draft Part D Redesign Program Instructions are updates to:
  - True Out-Of-Pocket Costs (TrOOP).
  - Reinsurance methodology.
  - Part D calendar year employer group waiver plan (EGWP) prospective reinsurance amount methodology.
  - Risk corridor methodology.
  - Creditable coverage.
  - Retiree drug subsidy requirements.
  - Capitated payments to Program of All-Inclusive Care for the Elderly (PACE) organizations.
  - Medical loss ration (MLR).

- Note that both the Advance Notice and Draft Part D Redesign Program Instructions are at the proposed stage, with comments due March 1, 2024.
- The CY 2025 Rate Announcement and the CY 2025 Part D Redesign Program Instructions are expected to be published no later than April 1, 2024. Additional information will be provided once these have been finalized.

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More on This Topic:

- [Advance Notice](#)
- [Advance Notice Fact Sheet and FAQs](#)
- [Draft Part D Redesign Program Instructions](#)

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

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