Examples of how a monthly bill is calculated

Example 1:

You take several high-cost drugs that have a total out-of-pocket cost of $600 each month. In January 2027, you join the Medicare Prescription Payment Plan through your Medicare drug plan or Medicare health plan with drug coverage.

We calculate your first month's bill in the Medicare Prescription Payment Plan differently than your bill for the rest of the months in the year:

- **First, we figure out your "maximum possible payment" for the first month:**

$2,400 [annual out-of-pocket maximum]
– $0 [no out-of-pocket costs before using this payment option]
= $2,400

12 [remaining months in the year]

= $200 [your "maximum possible payment" for the first month]

- **Then, we figure out what you'll pay for January:**
  - Compare your total out-of-pocket costs for January ($600) to the "maximum possible payment" we just calculated: $200.
  - Your **plan will bill you the lesser of the 2 amounts**. So, you'll pay $200 for the month of January.
  - You have a remaining balance of $400 ($600-$200).

For February and the rest of the months left in the year, we calculate your payment differently:

$400 [remaining balance] + $600 [new costs] = $1,000

11 [remaining months in the year]

= $90.91 [your payment for February]

We'll calculate your March payment like we did for February:

$909.09 [remaining balance] + $600 [new costs] = $1,509.09

10 [remaining months in the year]

= $150.91 [your payment for March]

In April, when you refill your prescriptions again, you'll reach the annual out-of-pocket maximum for the year ($2,400 in 2027). You'll continue to pay what you already owe and get your prescription(s), but after April you won't add any new out-of-pocket costs for the rest of the year.

$1,358.18 [remaining balance] + $600 [new costs] = $1,958.18

9 [remaining months in the year]

= $217.58 [your payment for April and all remaining months in the year]

Even though your payment varies each month, by the end of the year, **you'll never pay more than:**

- The total amount you would have paid out of pocket.
- The out-of-pocket maximum for prescription drugs covered by your plan ($2,400 in 2027).

Remember, this is just your monthly payment for your out-of-pocket drug costs. You still need to pay your health or drug plan's premium (if you have one) each month.

Example 1: Start participating in January with high drug costs early in the year

Month	Your monthly drug costs (without this payment option)	Your monthly payment (with this payment option)	Notes
January	$600	$200	This is when you started participating in this payment option. Remember, your first month's bill is based on the "maximum possible payment" calculation. We calculate your bill differently for the rest of the months in the year.
February	$600	$90.91	
March	$600	$150.91	
April	$600	$217.58	This month you reached the annual out-of-pocket maximum ($2,400 in 2027). You'll have no new out-of-pocket drug costs for the rest of the year.
May	$0	$217.57 *	*You'll still get your $600 drugs each month, but because you've reached the annual out-of-pocket maximum, you won't add any new out-of-pocket costs for the rest of the year. You'll continue to pay what you already owe.
June	$0	$217.57 *	
July	$0	$217.57 *	
August	$0	$217.57 *	
September	$0	$217.57 *	
October	$0	$217.57 *	
November	$0	$217.57 *	
December	$0	$217.57 *	
Total	**$2,400**	**$2,400**	**You'll pay the same total amount for the year, even if you don't use this payment option.**

If you're concerned about paying $600 each month from January to April, this payment option will help you manage your costs. If you prefer to pay $600 each month for 4 months and then pay $0 for the rest of the year, this payment option might not be right for you. Contact your health or drug plan for personalized help.

Example 2:

You take several drugs that have a total out-of-pocket cost of $80 each month. In January 2027, you join the Medicare Prescription Payment Plan through your Medicare drug plan or Medicare health plan with drug coverage.

We calculate your first month's bill differently in the Medicare Prescription Payment Plan than your bill for the rest of the months in the year:

- **First, we figure out your "maximum possible payment" for the first month:**

$2,400 [annual out-of-pocket maximum]
– $0 [no out-of-pocket costs before using this payment option]
= $2,400

12 [remaining months in the year]

= $200 [your "maximum possible payment" for the first month]

- **Then, we figure out what you'll pay for January:**
  - Compare your total out-of-pocket costs for January ($80) to the "maximum possible payment" we just calculated: $200.
  - **Your plan will bill you the lesser of the two amounts**. So, you'll pay $80 for the month of January.
  - You have a remaining balance of $0.

For February and the rest of the months left in the year, we calculate your payment differently:

$0 [remaining balance] + $80 [new costs] = $80

11 [remaining months in the year]

= $7.27 [your payment for February]

We'll calculate your March payment like we did for February:

$72.73 [remaining balance] + $80 [new costs] = $152.73

10 [remaining months in the year]

= $15.27 [your payment for March]

Even though your payment varies each month, by the end of the year, **you'll never pay more than:**

- The total amount you would have paid out of pocket.
- The out-of-pocket maximum for prescription drugs covered by your plan ($2,400 in 2027).

Remember, this is just your monthly payment for your out-of-pocket drug costs. You still need to pay your health or drug plan's premium (if you have one) each month.

Example 2: Start participating in January with consistent costs throughout the year			
Month	**Your monthly drug costs** (without this payment option)	**Your monthly payment** (with this payment option)	**Notes**
January	$80	$80	This is when you started using this payment option. Remember, your first month's bill is based on the "maximum possible payment" calculation. We calculate your bill differently for the rest of the months in the year.
February	$80	$7.27	
March	$80	$15.27	
April	$80	$24.16	
May	$80	$34.16	
June	$80	$45.59	
July	$80	$58.93	
August	$80	$74.92	
September	$80	$94.93	
October	$80	$121.59	
November	$80	$161.59	
December	$80	$241.59	
Total	**$960**	**$960**	**You'll pay the same total amount for the year, even if you don't use this payment option.**
Depending on your specific circumstances, you might not benefit from using this payment option due to the higher payments that start in September. Contact your health or drug plan for personalized help.			

Example 3:

You pay $5 every month in out-of-pocket costs for a prescription you use regularly. In April 2027, you need a new one-time prescription that costs $613, so your total out-of-pocket costs in April are $618. That same month, before you fill your prescriptions, you decide to participate in the Medicare Prescription Payment Plan through your Medicare drug plan or Medicare health plan with drug coverage.

We calculate your first month's bill in the Medicare Prescription Payment Plan differently than your bill for the rest of the months in the year:

- **First, we figure out your "maximum possible payment" for the first month:**

$2,400 [annual out-of-pocket maximum]
– $15 [your out-of-pocket costs before using this payment option]
= $2,385

9 [remaining months in the year]

= $265 [your "maximum possible payment" for the first month]

- **Then, we figure out what you'll pay for April:**
  - Compare your total out-of-pocket costs for April ($618) to the "maximum possible payment" we just calculated: $265.
  - **Your plan will bill you the lesser of the 2 amounts.** So, you'll pay $265 for the month of April.
  - You have a remaining balance of $353 ($618–$265).

For May and the rest of the months left in the year, we calculate your payment differently:

$353 [remaining balance] + $5 [new costs] = $358

8 [remaining months in the year]

= $44.75 [your payment for May]

Your payments will vary throughout the year. That's because you're adding drug costs during the year, but you have fewer months left in the year to spread your payments across.

By the end of the year, you'll never pay more than:

- The total amount you would have paid out of pocket.
- The out-of-pocket maximum for prescription drugs covered by your plan ($2,400 in 2027).

Remember, this is just your monthly payment for your out-of-pocket drug costs. You still need to pay your health or drug plan's premium (if you have one) each month.

Example 3: Start participating in April with varying costs throughout the year			
Month	**Your monthly drug costs** (without this payment option)	**Your monthly payment** (with this payment option)	**Notes**
January	$5	$5*	*You made these payments directly to the pharmacy before you started participating in the Medicare Prescription Payment Plan.
February	$5	$5*	
March	$5	$5*	
April	$618	$265	This is when you started using this payment option. Remember, your first month's bill is based on the "maximum possible payment" calculation. We calculate your bill differently for the rest of the months in the year.
May	$5	$44.75	
June	$5	$45.46	
July	$125	$66.30	This month, you need a drug that's $120, in addition to your $5 drug. Following the same formula we used in May, your payments increase because you're adding drug costs during the year, but you have fewer months left in the year to spread your payments across.
August	$5	$67.30	
September	$5	$68.55	
October	$125	$110.21	This month, you need a drug that's $120, in addition to your $5 drug. Following the same formula we used in May, your payments increase because you're adding drug costs during the year, but you have fewer months left in the year to spread your payments across.
November	$5	$112.72	
December	$5	$117.72	
Total	**$913**	**$913**	**You'll pay the same total amount for the year, even if you don't use this payment option.**

If you're concerned about paying $618 in April, this payment option will help you spread your costs across monthly payments that vary throughout the year. If you're concerned about higher payments later in the year, this payment option might not be right for you. Contact your health or drug plan for personalized help.