

# The Medicare Prescription Payment Plan



The Medicare Prescription Payment Plan (also known as “M3P”) began January 1, 2025. M3P requires Part D plan sponsors to provide their enrollees with the option to spread their out-of-pocket (OOP) costs out in the form of monthly payments over the course of the plan year instead of paying them all at once at the pharmacy. Beneficiaries that enroll in the program will pay \$0 at the pharmacy for covered Part D drugs but will receive a monthly bill from their Part D plan for cost sharing they incur while in the program. This program does not reduce the amount of money that an individual pays in out-of-pocket costs. The monthly amount that the Part D sponsor bills the enrollee under the program may change depending on when a beneficiary incurs out-of-pocket costs in the year, but it cannot exceed a monthly maximum cap and the total annual costs will never exceed the out-of-pocket limit for 2026 of \$2,100 (see section below on “How the Medicare Prescription Payment Plan Works” for methodology and examples). Beneficiaries interested in participating in this voluntary program will need to opt in by reaching out to their Part D plan to enroll prior to the point of sale. New enrollees should allow 24 hours for enrolling into the program. Beneficiaries who previously enrolled into the program and have the same plan will automatically be re-enrolled for 2026.



Scan this QR code to learn more about M3P, or call **1-800-MEDICARE (1-800-633-4227)**.

Scan this QR code or visit **GetMyMeds.com** for additional M3P information, including how to opt in and a free cost calculator.



Call your local State Health Insurance Assistance Program (SHIP) to get free one-on-one insurance counseling. Visit [shiphelp.org](http://shiphelp.org) or call **1-877-839-2675** to find a SHIP in your area.

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## How the Medicare Prescription Payment Plan Works

Below is a description of the methodology for the Medicare Prescription Payment Plan and a pair of examples showing how it works for enrollees. Note: The first month’s bill with M3P is calculated differently than the bill for the remaining months in the year.

### Calculation of Monthly Enrollee OOP Cost in First Month =

$$\frac{(\text{Annual OOP Limit} - \text{OOP costs before enrolling in M3P})}{\text{Number of Months Remaining in the Plan Year}} \quad \text{vs.} \quad \text{Total OOP Cost in First Month}$$

**Your plan will bill you the lesser of the two amounts.**

### Calculation of Monthly Enrollee OOP Cost in Subsequent Months =

$$\frac{(\text{Sum of Remaining OOP Costs Not Yet Billed to Enrollee} + \text{Additional OOP Costs Incurred by the Enrollee})}{\text{Number of Months Remaining in the Plan Year}}$$

**Example #1: Enrollee with prescription in January that reaches annual OOP limit.**



The beneficiary enrolls in M3P in early January. Later in January, they fill an expensive prescription that causes their OOP maximum of \$2,100 to be reached in this first month. Under M3P, the \$2,100 is spread over 12 months.

Month	OOP Costs Without M3P	OOP Payment With M3P
January	\$2,100	\$175
February	\$0	\$175
March	\$0	\$175
April	\$0	\$175
May	\$0	\$175
June	\$0	\$175
July	\$0	\$175
August	\$0	\$175
September	\$0	\$175
October	\$0	\$175
November	\$0	\$175
December	\$0	\$175

**Example #2: Enrollee with low-cost medications January through March. In April, they begin a higher-cost medication that they continue to take through the end of the year.**

**Cost Calculation of Monthly Payment:**

**January:** The enrollee fills prescriptions with an OOP cost of \$25. First calculate the “maximum possible payment” for the first month:  $(\$2,100-0) \div 12 = \$175$ . \$175 is compared to the total OOP costs for January (\$25) and the plan will bill the lesser of the two amounts (\$25).

**February:** \$35 OOP prescription costs. Calculate  $\$0$  (remaining balance) +  $\$35$  (new costs)  $\div 11$  (remaining months in year) = \$3.18

**March:** \$40 OOP prescription costs. Calculate  $\$31.82$  (remaining balance) +  $\$40$  (new costs)  $\div 10$  (remaining months in year) = \$7.18

**April:** \$500 OOP prescription costs. Calculate  $\$64.64$  (remaining balance) +  $\$500$  (new costs)  $\div 9$  (remaining months in year) = \$62.74

**May:** \$500 OOP prescription costs. Calculate  $\$501$  (remaining balance) +  $\$500$  (new costs)  $\div 8$  (remaining months in year) = \$125.24

**June:** \$500 OOP prescription costs. Calculate  $\$876.66$  (remaining balance) +  $\$500$  (new costs)  $\div 7$  (remaining months in year) = \$196.67

**July:** \$500 OOP prescription costs. Calculate  $\$1,179$  (remaining balance) +  $\$500$  (new costs)  $\div 6$  (remaining months in year) = \$280

After July the enrollee has reached the annual OOP max (\$2,100) and they will have no new OOP drug costs for the rest of the year.

**August - December:** The enrollee continues to fill prescriptions with an OOP cost of \$500, but because they’ve reached their OOP max, they will only continue to pay what they already owe (\$280 monthly).

Month	OOP Costs Without M3P	OOP Payment With M3P
January	\$25	\$25
February	\$35	\$3.18
March	\$40	\$7.18
April	\$500	\$62.74
May	\$500	\$125.24
June	\$500	\$196.67
July	\$500	\$280
August	\$0	\$280
September	\$0	\$280
October	\$0	\$280
November	\$0	\$280
December	\$0	\$279.99
<b>Total</b>	<b>\$2,100</b>	<b>\$2,100</b>