

Understanding Medicare Part D Drugs (Rx)



September 2026

Based on 2027 Medicare Price Tags & Rules

The following provides a detailed discussion of Medicare Part D Rx Plans and rules as well as information for you using the Medicare.gov website. **The Medicare.gov website could also be used to investigate Medicare Advantage Plans and Medigap Plans and other Medicare personal information.** Refer to the NCRO.org website for more information on Medicare Parts A, B, & C and Medigap plans. **This document discusses only Medicare Part D.**

The Medicare.gov website is user friendly and can allow you to price your drugs and select an insurance provider including changing from your current provider. The following information provides more detailed explanations regarding the rules for Medicare's Part D Rx drug program. By reading through this presentation, you will be able to gain a better understanding of Medicare Part D.

You have the choice of finding a drug plan using the Medicare.gov website, using one of the Healthcare consultants listed on the NCRO website or doing both. You are also welcome to use a consultant of your choosing.

Not all Medicare eligible seniors need a separate or standalone Part D drug insurance plan. If you are enrolled in a Medicare Advantage Plan (MA Plan), it **should** include Part D drug coverage, **very important**. It will follow the same rules as a standalone Part D drug plan. Those rules are explained within this document. Veterans can also obtain drug coverage through the Veterans Administration.

If you are enrolling in an **MA plan** where drugs coverage is included, it is still very important that you also input your drug information when pricing out your MA healthcare plan. The MA medical premium, the deductibles and copays are not the only considerations. You need to know the cost of your specific Rx drugs as well. You also need to know whether your MA Plan covers **your specific drugs**. An insurer may be less for your medical costs, but not when you factor in your drug costs. As a separate note, you also need to ensure that your doctors are in your MA plan. **You need to understand your total MA plan costs including drugs**. You will find it much easier if you use a consultant for your MA or Medigap Plan especially if you want to get pricing for several insurers.

If you enroll in a Medicare Supplemental Plan also called a **Medigap Plan**, then you **will need to also enroll in a standalone Medicare Part D Drug Plan** to cover your prescription drugs. About 55% of retirees now have a Medicare Advantage Plan and 45% have a Medigap Plan or other group/employer coverage. 2.

The Medicare.gov website or a consultant allows you to provide your drug list and then determine which Part D insurer best suits your needs in terms of cost, availability and convenience. The gov. website will already have a current list of your drugs if you were previously enrolled. Your drug list and the cost including the insurer's premium and deductible, if any, should be used to determine your insurer choice and it will probably be different than someone taking more or fewer drugs, particularly if you are taking brand drugs vs generic drugs.

You should enroll in a drug plan during your Initial Enrollment Period (IEP) (generally at age 65). If you have creditable drug coverage, for example through your spouse, or an employer, you are not required to enroll at age 65. You may owe a Late Enrollment Penalty (LEP) if at any time after your IEP is over, or there is a period of 63 or more days in a row when you don't have Part D or other creditable prescription drug coverage. The penalty is 1% per month or 12% for every year you wait to enroll. This means your monthly premium will be higher when you finally do enroll, 12% of \$41.33 (National base premium for 2027) or \$4.68 per month times each year you wait. For example, wait 10 years, you will pay an extra \$49.60 per month. You would pay your premium **plus** the penalty amount every month.

If you are eligible for "Extra Help" you don't pay a late enrollment penalty. 3.



If you would prefer to use the Medicare.gov website to investigate and enroll in a Part D plan for any reason, you can contact one of the Medicare Insurance Consultants we have listed on the NCRO website under the Health Insurances tab. The consultants we recommend provide excellent service and have been helping our retirees for several years with no complaints received. They have each provided a presentation of their services on the site. You can also use a consultant of your choosing.

The consultants attend our webinars to answer your questions and can help you with enrollment. Because enrollment fees for consultants have been reduced, some consultants may charge a fee for you to use them to investigate your least cost insurer. Some insurers have put restrictions on consultants being able to enroll you. They can advise you as to the best plan and then you can complete your enrollment. Consultants may be already using the same Medicare.gov site to price your drugs. Their primary support for you is with finding Medicare Advantage Plans and Medigap Plans but they can help you make your Part D plan choice.

Many retirees don't realize that Part D drug insurance premiums and copays can vary significantly between different insurers and different pharmacies. Insurers have varying premiums, varying deductibles, varying pricing tiers, and even vary as to which drugs they will insure. This is referred to as their formulary (explained on page 8).

This makes it impossible to choose the least cost insurer without pricing out your specific drugs and the premium.

A spouse or friend's insurer may not be the least cost insurer for you. Some insurers may require prior doctor authorization before they fill a script for a specific brand drug, or they may request that you try a lower cost drug before allowing a brand drug even with a doctor's prescription for the brand drug.

You also need to be sure your pharmacy qualifies as a preferred provider with your chosen insurer. You will pay more if your insurer is listed as a **standard provider**. The website will tell you if you are using a preferred provider after selecting the pharmacies of your choice. The difference will be apparent in the pricing. The Medicare.gov. website will list your current Insurer (if you previously enrolled) and then list in increasing cost order other insurers but starting with your current insurer.

You can change Part D insurance providers every year, if desired, but only during the Annual Election Period (AEP) which is October 15th to December 7th of each year. The effective date will be January 1st of the following year. There are some exceptions to this timing. **For example, if you are just now turning 65, then you are eligible to enroll at that time.** Also, if you have creditable coverage that discontinues, and are enrolling in Medicare, you can enroll at that time.

You can also change plans if a Qualifying Event (such as moving to another state) occurs. Anytime you are eligible to move from an Advantage Plan to a Medigap Plan you can enroll in a Medicare Part D plan because you will need a standalone Part D plan at that time.

If you have healthcare coverage as a veteran, you are not required to sign up for Medicare Part D, you have the option to enroll with them for your drugs.

Each time you try using the Medicare.gov website, you will find it even easier to navigate and find additional information.

If you have all generic drugs, your costs will be significantly lower, as compared to brand drugs. You will be able to select a lower or zero cost premium. Many generic drugs are free with many insurers, but that will be apparent when you view your individual drug costs.

You can use the Medicare.gov website anytime to review your insurer alternatives and choose the lowest cost insurer for yourself and your spouse, including deciding between using mail order or a retail pharmacy. Mail order requires more lead time with a new prescription. Remember, if you use the site during the current year, the pricing will be based upon the remaining months. Price in April for example and the cost will be a 7-month amount for May through December.

In recent years it appears that a retail pharmacy will be no more expensive than mail order, in some cases they are even less. Most plans allow a 90-day retail supply at the pharmacy if the doctor's script so indicates. However, using a plan's mail order pharmacy could be less, so you should check both retail and mail order and make the comparison. The site allows you to select up to 5 pharmacies for comparison. Select mail order as one of your choices for comparison.

Because the Medicare.gov site first lists your current insurer (if you already have been on a Part D Rx plan) and the costs you can easily check out how your existing Part D insurer compares in cost to other insurers. It also allows you to easily add drugs you have been taking recently. The site lists the drugs you have recently taken. You can also do "what if" scenarios to check the pricing by adding or subtracting a drug to see how it would affect your total costs and insurer choice.

There are several factors that can influence your drug costs

1st. **Pricing:** Drug prices are the result of negotiations between the manufacturer, the distributor and the pharmacy. As a result, there are differing prices for the exact same drugs depending upon your insurer and pharmacy. Also, the insurers can and will vary their drug tiers, premiums, deductibles and copays.

2nd **Formulary:** The listing of drugs an insurer will cover is called their formulary and there is no true consistency between insurers. Some exclude specific drugs or restrict the quantity that can be obtained. **If a drug is not covered by your insurer's formulary, you will pay 100% of the cost, and that cost will not count towards the annual \$2400 out of pocket spending cap. Therefore, it is very important to verify every year that all your drugs are covered by your insurer. An insurer may drop one of your drugs at any time or from year to year.** It is possible to request a formulary exception if you find yourself in that position because your insurer discontinued your drug, or your physician prescribed a new medication not in your insurer's formulary. If this happens, you should contact your insurer for your options.

3rd. **Tiers:** For pricing, insurers classify their drugs into several tiers. They classify preferred generic drugs as Tier 1, non-preferred generic drugs as Tier 2, preferred brand drugs as Tier 3, non-preferred brand drugs as Tier 4 and specialty drugs as Tier 5

With Tiers 1 or 2 your deductible will probably not apply, it only applies when you receive a drug in Tiers 3-5. Some insurers move their drugs between tiers year to year to improve their pricing. The tier determines your co-pay amount. The higher the tier the higher your cost.

The co-pay amount can vary by insurer. Higher premiums can mean lower co-pays, but **the total cost, which includes the monthly premium, the deductible and the co-pays need to be the basis for your decision.**

A few years ago, Medicare introduced a Medicare Prescription Payment Plan (MPPP). It is a program created under the Inflation Reduction Act that offers Part D enrollers the option to pay monthly rather than upfront when they receive their prescriptions at the pharmacy. Enrolling in the MPPP is optional. To enroll in the Medicare Prescription Payment Plan (MPPP), you can contact your Part D insurer and complete the election process. After enrolling, your plan insurer will notify the pharmacies that fill your prescriptions, and you will not pay at the register. Instead, you will be billed monthly by your plan. 9.

Part D plan insurers are responsible for communicating program information and facilitating this enrollment process. They must also pay network pharmacies for the cost-sharing amount that the enrollee would have paid without the MPPP.

The Centers for Medicare and Medicaid Services (CMS) requires plans to notify their pharmacy networks when a member incurs out-of-pocket costs that would make them a likely beneficiary of this program.

Those who qualify for the MPPP plan can opt in or out anytime during the plan year. The plan does not cover Part B drugs or medications not listed on the member's plan formulary.

For 2026, Medicare lowered the prices on 10 Brand Drugs. Additional drugs are being considered this year for adoption in January 2027.

– **First round of federal government (HHS) negotiated drug prices.** Newly negotiated prices that took take effect in 2026 were the following ten Medicare Part D drugs: Eliquis, Enbrel, Entresto, Imbruvica, Januvia, Jardiance, Stelara, Xarelto, and Farxiga, Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill.

For 2027 drugs targeted for price reduction refer to the site listed below.

<https://www.cms.gov/files/document/fact-sheet-negotiated-prices-ipay-2027.pdf>

There are 3 Part D Coverage Stages For 2027



Stage 1 Yearly Deductible ... you pay your deductible. Plans do not charge a deductible for tier 1 & 2 drugs, but will for tiers 3, 4 & 5 drugs. In 2027, most insurers will have a deductible of up to \$700 for those higher tiers. Some insurers may have a lower deductible than \$700, but at a higher monthly premium. Also, not every insurer requires a deductible, but again their monthly premium will be higher and remember **the premium does not count towards achieving the out of pocket spending cap**. Important, **you need to consider the total of the premium, the deductible and the drug costs in choosing a plan**.

Stage 2 Initial Coverage... you pay your copays based on your drugs' tier and their copay percent. You are in this stage until the total cost of your drugs including your deductible reaches \$2,400 (2027 amount).

Stage 3 Catastrophic Coverage...After your credited out-of-pocket drug costs, including the deductible but excluding premiums, reaches \$2,400, you enter Stage 3: Catastrophic Coverage. Your covered drugs then cost you nothing for the rest of 2027, **but you must continue paying your monthly premium**.

Depending upon how an insurer sets drug prices, establishes formularies or selects tiers, your drug costs can vary significantly. Your insurer also sends a monthly report indicating which stage you have entered, and the amounts spent by you and the insurer.

Remember, the least cost way to choose your insurance provider is based on total costs including the drugs, the premium and the deductible (the drug cost will include the deductible).

You may need to use a different insurer than your spouse to minimize your individual drug costs. Also, you do not need to use the same insurer you enroll with as your Medigap insurer.

With a new insurer, you will need to provide new prescriptions for mail orders. If using a new pharmacy, the prescriptions can be transferred from your current pharmacy. **If you are using the same preferred pharmacy, you will not need new prescriptions written. The Medicare system automatically provides any pharmacy with your new insurer information and cancels your previous insurer.**

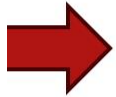
In some cases, a drug can be purchased for less without using your Part D insurance by using a discount provider like GoodRx.com. You have the ability to make the comparison online before ordering or even when picking up a prescription. By going to GoodRx.com, or any of the multitude of discount drug providers, you can type in the drug and if it is available, you will see a list of pharmacies and their pricing (refer to next page). You can print the coupon for the pharmacy of your choice. If it is not the pharmacy you are using, you can ask to have the prescription transferred to them. Also, you can simply ask your druggist when you pick up a prescription, if they have a better price over the counter by using your prescription but not your insurance. Is it less than using your insurance? If you use the discount provider that drug cost will not be applied to your annual out of pocket spend for Part D because it is outside your insurance plan.

When comparing, be aware your initial purchase of a **brand drug** using your insurer will probably include the cost for the annual deductible and will be higher than the cost after the deductible has been paid. Compare the cost after the deductible has been met. Also, the GoodRx price is a one-month cost and may appear less costly than a 90 day supply. The following is real life example that shows the savings on a drug by using a discount drug provider like GoodRx. A prescription is still required, but not your insurance. This drug, Tamvaborle, was not in any insurer's formulary and after approval required the deductible \$615 (if not already incurred) plus \$280 for a total cost of \$895. However, it is available at Meijer pharmacy over the counter for \$48.32.

Check your prescription details

Prescription

Tavaborole 10ml of 5% (1 bottle of t... 



Choose pharmacy

 Beulah, MI 



Meijer Pharmacy

\$48.32 >



Walgreens

\$369.67 >



Walmart

\$63.91 >



Costco

\$93.99 >
Special offers



CVS Pharmacy

\$64.39 >
Special offers



Family Fare Pharma... \$52.90 >

Price with GoodRx coupon

Print, email, or text this coupon to yourself.

meijer

\$48.32

Retail price: ~~\$1,818~~

 Get 1,000 points per fill >

Show this coupon at the pharmacy.

BIN **015995**

PCN **GDC**

Group **GDRX**

Member ID **AT875841**

 Text

 Email

 Print

GoodRx Coupon • This is NOT insurance

GoodRx coupon prices last updated on August 21, 2025

Sales tax may apply and is not included.

If you want to confirm the cost for your plan choice once you have selected a Part D insurer using the Medicare Part D website, you can also visit the insurer's website or contact them by phone to verify the total drug costs you have identified using the Medicare.gov. site. This is important because if the Medicare website has an error in pricing, **you** must stay with your plan until the following October 15th. However, the site as a rule has been very accurate.

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You can very easily enroll online by clicking "Enroll" on the insurer you have chosen or by phone using the contact number for the insurer. It is easier to enroll online versus contacting the insurer especially the busy enrollment period of Oct 15th to Dec. 7th, unless you are newly enrolling when first eligible then those dates don't apply.

You have several options for paying the premium, a deduction from your Social Security payment, a credit card, by mail with a check, or an auto deduction from your checking account. You will need to contact your new insurer to set up your payment choice.

15.



It is important that you review your drug plan every year. You are eligible to change your Part D plan every year during the Annual Election Period (AEP) which is Oct 15th until Dec 7th. **If you are changing Part D plans, you do not need to notify your prior insurer, they will be notified for you.** You should receive a cancellation letter from your prior insurer and a welcome letter with a contract number from your new insurer and an insurance card. You can also call them to confirm enrollment. You are then responsible for setting up your chosen payment method.

If you don't have a letter of confirmation several weeks after enrolling, contact your new insurer to verify you were properly enrolled. The earlier you enroll after October 15th and before December 7th, the better the timing will be for your letter of confirmation. Insurers are more difficult to contact as December 7th approaches and retirees rush to enroll.

Many insurers are accepted as the preferred providers at the major brand pharmacies, but with more insurers doing specific tie ins with pharmacies, it is important to check. You will know because the cost will be less.

Also, if you have a second residence for part of the year, you may want to make sure you have a pharmacy available if possible that is a preferred provider at that location or use mail order.

You can also call your local pharmacy and have the prescriptions temporarily transferred to your current location. But again, try to use a preferred provider for the least cost or at least an in- network provider.

Patient Assistance Program (PAP)

There may be a drug assistance program available to those with a particularly expensive drug, for example a cancer related drug. This program is called the PAP (Patient Assistance Program). If you or someone you know has a very expensive drug, you can contact the drug manufacturer, **not your insurer**, and ask if they have a PAP program for a particular drug they manufacture. Pre 65 the program may differ from post 65 because of Medicare Part D availability. However, what is important is that you contact them to understand what assistance is available. In some cases, the drug is shipped directly from the manufacturer to you at a reduced cost or even no cost. Well worth investigating.

Finally, NCRO.org offers a comprehensive tutorial on using the Medicare.gov website, with both document and video versions available under the Healthcare tab, select On Medicare. These tutorials have been provided by Laura Camacho, one of the recommended healthcare consultants we list them on our NCRO.org website under the Healthcare tab as well as below.

DOCUMENT: Laura Camacho's Step-by-Step Guide to Using Medicare.gov To Choose a Medicare Part D Plan Can also Click on the PDF below



2027.Part

D.document.Laura 9.2

VIDEO: Laura Camacho's Guide For Using Medicare.gov to Select a Part D Plan

Also On YouTube <https://www.youtube.com/watch?v=DU4FwjeHSvc>

The Medicare.gov website is user friendly, just follow the prompts.

You will first be asked to either enroll or sign in if you have previously enrolled. By enrolling you will be able to sign in multiple times without re inputting your list of drugs or pharmacy choices every time you visit the site. You can use this same enrollment username and password to visit the site for other Medicare information at any time.

For Medicare Part D the Medicare.gov website site will

- List your current provider if previously enrolled.
- List your current drugs and allow you to edit or add to them.
- Allow you to edit or add to your pharmacy list, including temporary locations if you travel.
- Lists your current drug insurer first (If you already have one).
- Lists all the Insurers available in your state in order of least cost.
- If your current insurer is least cost it will be listed twice.
- Lists total drug costs and lists total drug and premium costs based on the least cost pharmacy you have chosen.
- Be sure you have chosen 4 pharmacies plus mail order for comparison.
- Lists your pharmacy choices indicating whether they are just in network (Standard) or Preferred and their cost for the drugs you listed.
- Lists your individual drugs and their annual cost.
- Lists your monthly cost for drugs.

- This document has hopefully provided you a clearer understanding of Medicare Part D Rx drugs.
- The Medicare.gov site is easy to use to investigate your drug costs and choose the lowest cost provider on your own once you become familiar with it. Use the tutorial for help.
- Keep in mind that you can always use one of our recommended consultants, or one of your own, to help you choose your Medicare Part D Plan.

Disclaimer

This presentation provides information for the benefit of National Chrysler Retirement Organization (NCRO) members to assist in the navigation of the Medicare Part D website. While every effort has been made to provide only the most accurate information, NCRO does not guarantee that the information will always be current. NCRO makes no warranties, express or implied, as to the fitness of the information for any purpose, or to results obtained by individuals using the information and is not responsible for any action taken in reliance on the information. The information is not legal, insurance or other professional advice. This presentation is the property of NCRO and distribution beyond NCRO members is not authorized. Copyright 2027 National Chrysler Retirement Organization.