

Guide to Medicare Drug Costs and Payment Plans

Annual Out-of-Pocket Cap on Prescription Drugs

- Your **maximum annual out-of-pocket cost** for covered drugs is **\$2,100** as of January 1, 2026.
- After reaching the cap, **you'll pay \$0** for additional prescriptions that year.
- Applies to:
 - **Medicare Part D stand-alone drug plans**
 - **Medicare Advantage plans with drug coverage**

This cap benefits people with:

- High monthly prescription costs
- Specialty medications
- Chronic conditions, such as Alzheimer's disease, requiring ongoing treatment

Medicare Prescription Payment Plan

Avoid large up-front costs at the pharmacy by spreading payments out across the year.

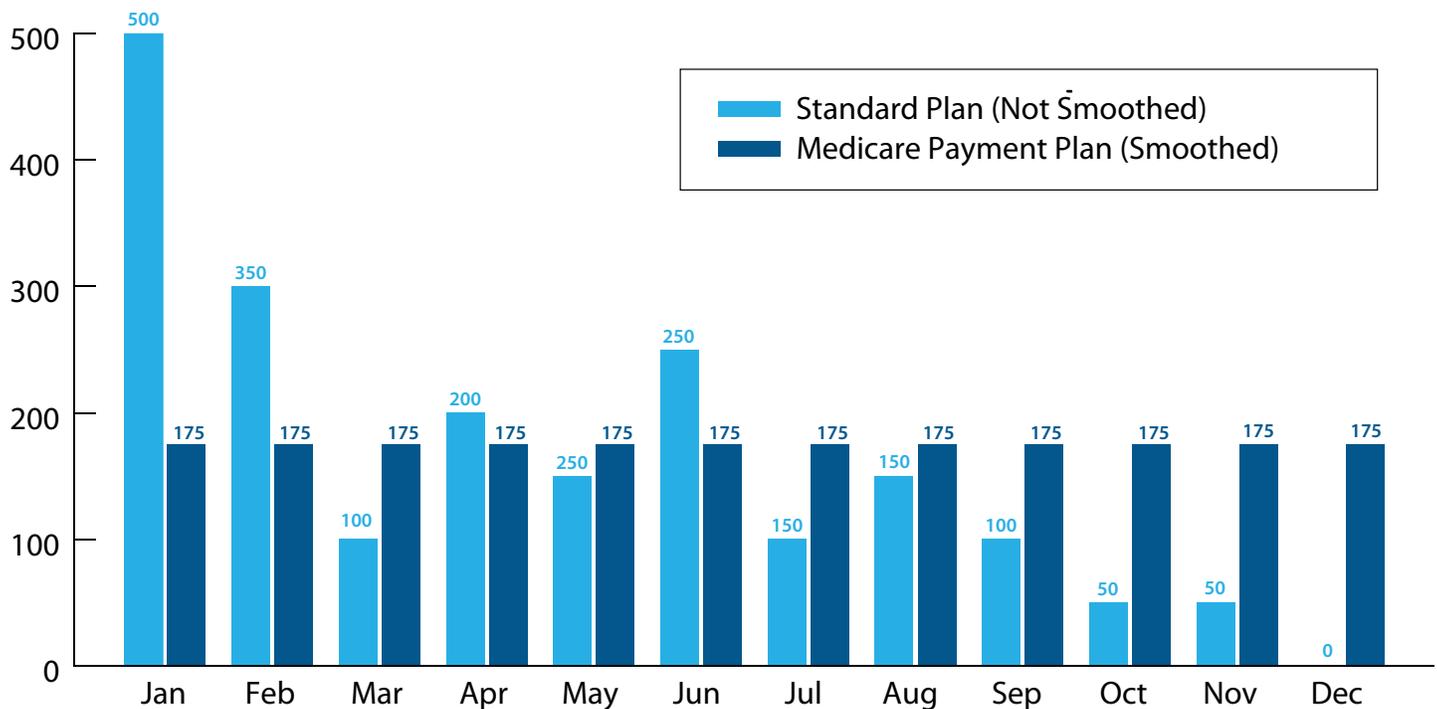
What It Does:

- **You pay \$0 at the pharmacy** when you pick up your medication
- Your Medicare drug plan covers the full amount initially
- You **repay your share over time** in **monthly installments**
- **No fees, no interest, no credit check**

Payment Plan Comparison

Feature	Standard Plan	Medicare Prescription Payment Plan
Payment Timing	Upfront payment at pharmacy	Spread evenly throughout the year
Annual Max Out-of-Pocket (2026)	\$2,100	\$2,100 split into ~12 payments
Payment Schedule	\$2,100 early in year	~\$175/month
Risk of Large Bills	High, if on multiple medications	Low
Flexibility	Less (pay as needed)	More (steady monthly bills)

Prescription Drug Costs (\$2,100 Total): Standard vs. Medicare Payment Plan



Enrollment:

- **Opt in voluntarily** through your Part D plan
- When it might make sense to enroll:
 - **At the beginning of the year**
 - **Mid-year if drug costs spike**
 - **When starting a new high-cost drug**
- Once enrolled, payment plan continues every year, unless you opt-out
- Choose **how you receive your bills** (mail, email, portal)

For details related to leaving or switching plans, visit: www.Medicare.gov/prescription-payment-plan

Extra Help Program (Low-Income Subsidy)

If you have limited income or resources, you may qualify for **Extra Help**—a federal program that helps pay for your Medicare drug coverage.

Benefits of Extra Help:

- \$0 or low monthly premiums
- No deductible
- Fixed low copays — usually \$0 to \$4 per drug
- No coverage gap (donut hole)
- No need for the \$2,100 cap or payment plan — you're already protected

Who Qualifies?

You may qualify if your yearly income and savings are below:

Category	Annual Income	Assets (Savings/Investments)
Individual	Under ~\$23,475	Under ~\$16,590
Married Couple	Under ~\$31,725	Under ~\$33,100

These are estimates. Asset and income limits are updated annually.

How to Apply:

- **Online:** ssa.gov/extrahelp
- **Phone:** 1-800-772-1213
- Or apply through your **State Medicaid office** or **SHIP counselor**

Need Help Understanding Your Medicare Coverage?

You can get free, personalized help:

- [Medicare.gov](https://www.medicare.gov) or **1-800-MEDICARE (1-800-633-4227)**
- **State Health Insurance Assistance Program (SHIP)** counselors

[Find SHIP help near you](#)

References

1. Medicare.gov. *Prescription Payment Plan Overview*. <https://www.medicare.gov/prescription-payment-plan>.
2. SSA. *Extra Help Program*. <https://www.ssa.gov/benefits/medicare/prescriptionhelp/>.



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