Medicare Part D Fact Sheet

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What is a Medicare Part D?

Medicare Part D helps pay for your prescription drugs. Part D drug coverage is optional and available to anyone with Medicare Part A and/or Part B. Even if you don't take prescriptions drugs you may want to consider enrolling into a Part D drug plan. If you decide not to get Part D and do not have creditable prescription drug insurance, like coverage from an employer, union, or the VA, you'll likely pay a late enrollment penalty if you decide to enroll in the future.

What do Medicare Part D Plans cover?

Medicare Part D plans must cover a wide range of prescription drugs and will have a list of its covered drugs, called a formulary. If the plan formulary does not provide coverage for your specific drug, a similar drug may be available. If your doctor believes that the alternative options will not work for your condition, you can ask your plan for an exception.

A Medicare drug plan can make some changes to its formulary during the year if it follows guidelines set by Medicare. Your plan may change its drug list during the year because drug therapies change, new drugs are releases, or new medical information becomes available.

What costs do Medicare Part D plans have?

Monthly Premiums: Most Medicare Part D Plans have a monthly premium. In Nebraska there are 11 plans available, in 2026. Plan premiums range between $4.70—$140.20 per month. People with a higher income could pay more, known as IRMAA (Income Related Monthly Adjustment Amount).

Deductibles, Copays and Coinsurance: Medicare Part D plans can have a deductible up to $615, in 2026. When you use your Medicare drug plan you may owe a copay or coinsurance amount for each prescription, ranging between $0.—50% of full cost. All copays or coinsurance costs are your responsibility. People with lower income and/or limited resources may qualify for Extra Help, which helps with Part D costs. Ask SHIP for more information about this program.

When can I get a Medicare Part D Plan?

You can join a Medicare Part D Plan when you first begin Medicare, if you work past age 65 and delay Medicare, you can join when you retire, or you can join during Medicare Open Enrollment, between October 15 and December 7.

You should keep in mind each year plans can change costs and coverage. During Medicare Open Enrollment you should review your plan's changes and compare your other options. If you enroll in a new plan during this period, it will begin on January 1 of the following year.

What factors can affect my prescription drug costs?

Plan Formulary: Prescription drugs are assigned to different tiers in the formulary determining their costs. Generally, drugs in a lower tier will cost you less than a drug in a higher tier.

Pharmacy Network: Plans have a network in which a pharmacy may be assigned a status of either "Preferred," "In-Network," or "Out-of-Network." Preferred pharmacies generally offer lower costs than an In-network pharmacy. Out-of-network pharmacies do not work with the plan.

Coverage Levels: Medicare drug coverage has three coverage levels. They include:

- **Deductible**: You could pay up to $615 in 2026.
- **Initial Coverage:** You could pay between $0.—50% of the drug's full price. This level is reached after meeting your plan's deductible.
- **Catastrophic Coverage:** You pay zero cost. This level is reached when your true out-of-pocket spending reaches the $2,100 out-of-pocket maximum for 2026.

What's the Medicare Prescription Payment Plan?

The Medicare Prescription Payment Plan is a new payment option that works with your drug coverage to help you manage your out-of-pocket costs by spreading them across the calendar year (January—December), for drugs covered by your plan. All plans offer this payment option and participation is voluntary.

If you select this payment option, each month you'll get a bill from your drug plan to pay for your prescription drugs (instead of paying at the pharmacy). This bill will be separate from your premium bill. There's no cost to participate in the Medicare Prescription Payment Plan and you can start at any time in the year.

Will the Medicare Prescription Payment Plan help me?

The payment option might help you manage your monthly expenses, but it doesn't save you money or lower your drug costs. You're most likely to benefit if you have high drug costs earlier in the calendar year.

The payment option may not be the best choice for you if:

- Your yearly drug costs are low.
- Your drug costs are the same each month.
- You sign up late in the calendar year (after September).
- You get or are eligible for an assistance program like Extra Help or the Medicare Savings Program.

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