

Health Insurance

Quick Guide to the Medicare Prescription Payment Plan (MPPP) in 2026

This Quick Guide explains the 2026 changes to Medicare Part D and the new Medicare Prescription Payment Plan (MPPP), which were included in the Inflation Reduction Act of 2022 (IRA).

Medicare is a government health insurance program for seniors and people with disabilities. Medicare coverage is broken up into different parts. Medicare Part A is hospital insurance, and pays for your medical care when you are staying in a hospital. Medicare Part B is medical insurance, and pays for visits to your doctor, lab tests, scans, medical equipment, and IV chemotherapy. Parts A and B together are called Original Medicare.

Medicare Part C plans, also called Medicare Advantage plans, are sold by private insurance companies. They are an alternative to Original Medicare and include services covered under Parts A and B. Medicare Part D is prescription drug coverage. Part D plans are offered by private insurance companies. If you have Original Medicare, you can buy a Part D prescription drug plan. Most Part C plans also include Part D coverage for prescription drugs. If you have a Part C plan without drug coverage, you can buy a Part D plan. For details about parts of Medicare, read our Quick Guide to Medicare Basics: TriageHealth.org/QuickGuide-MedicareExtended.

How Does Medicare Part D Pay for Prescription Drugs?

Part D coverage has three key stages:

1. **Deductible:** You pay all your drug costs until you reach your plan's deductible. The amount of your deductible depends on the plan you choose. In 2026, the maximum deductible for prescription drugs is \$615.
2. **Initial Coverage:** After meeting the deductible, you pay a share of the cost for your prescriptions. Medicare will pay 75% and you are responsible for 25% of your covered drug costs, until you reach \$2,100 (in 2026) in out-of-pocket drug costs.
3. **Catastrophic Coverage:** After your out-of-pocket costs reach \$2,100 in 2026, you will pay \$0 for covered Part D drugs for the remainder of the year.

Important details:

- The \$2,100 out-of-pocket maximum (OOP maximum) in 2026, will provide significant savings for enrollees who are taking expensive drugs, compared to Part D coverage prior to the IRA.
- The OOP maximum amount could increase over time.
- The OOP maximum only applies to Part D drug costs. Costs for Part B-covered drugs or non-covered drugs are not counted toward the OOP maximum.
- The OOP maximum applies to: 1) Medicare Part D plans; and 2) Medicare Advantage (Part C) plans that include prescription drug coverage

What Is the Medicare Prescription Payment Plan (MPPP)?

MPPP is a program that started January 1, 2025, that allows people with Medicare Part D coverage to pay their out-of-pocket (OOP) prescription drug costs in monthly installments instead of all at once at the pharmacy. This applies both to Medicare Part D plans and those who have Medicare Advantage Part C plans that include prescription drug coverage.

When an individual goes to the pharmacy to get their prescription drugs, they will pay \$0. They will then get a monthly bill from their Part D or Part C plan specifically for the cost of their prescription drugs. This is different than your Part D

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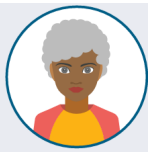
or Part C plan monthly premium bill, which you will also get. Your Part C or Part D plan will pay the pharmacy for the cost of the drugs. There is no interest charged on the payments when you are using the MPPP. You can pay the monthly payments by check, credit card, or debit card.

If you are late for a payment, your plan will send you a reminder notice within a couple of weeks after you miss payment. Your plan must allow you 2 months to make a missing payment. If you pay the bill during this time, you can continue in the MPPP. If you do not make the payment within the 2-month timeframe, your plan can remove you from the MPPP. Missing a MPPP payment will not impact your Part D or Part C plan coverage. The only way you can be removed from your Part D or Part C plan is if you do not pay your plan's monthly premiums.

You can cancel your MPPP participation at any time, but if you decide to cancel, you must pay the balance of what is left on your payment plan for the year.

How Are Monthly Payments Calculated?

The calculation for the monthly payments under the MPPP, is not simply dividing \$2,100 by 12 months in the year. Let's look at how the math works:



Julie has an out-of-pocket cost of \$600 at the pharmacy in January. She is prescribed a multiple drug regimen to treat her chronic condition. She expects to pay the same out-of-pocket cost per month for the rest of the calendar year until she reaches the \$2,100 out-of-pocket cap.

Scenario 1: What will Julie pay on a monthly basis if she enrolls in the MPPP in January?

MPPP Enrollment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Paid
Julie does not enroll in the MPPP	\$600	\$600	\$600	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,100
Julie enrolls in the MPPP in January	\$175	\$93	\$153	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$186	\$2,100

** From MAP Rx MPPP Patient Guide for 2026*

January:

- Part D Plan asks: is \$600 a month more or less than dividing the \$2,100 OOP maximum evenly over 12 months?
- $\$2,100/12 = \175 , which is less than \$600, so that's all she pays for January.

February:

- The balance of January ($\$600 - \$175 = \$425$) is carried over to February
- In February, she has another \$600 to pay + the January balance of \$425 = \$1,025
- $\$1,025 \div 11$ months left in the year = \$93

March:

- The balance of February ($\$1,025 - \$93 = \$932$) is carried over to March
- In March, she has another \$600 to pay + the February balance of \$932 = \$1,532
- $\$1,532 \div 10$ months left in the year = \$153

April:

- The balance of March ($\$1,532 - \$153 = \$1,379$) is carried over to April
- In April, she has another \$600 to pay + the March balance of \$1,379 = \$1,979
- $\$1,979 \div 9$ months left in the year = \$219
- Because the monthly amount is more than \$175/month, the math changes
- Instead, you take the \$2,100 OOP maximum and subtract what she has paid so far in the year ($\$2,100 - \$175 - \$93 - \$153 = \$1,679$) and divide that by 9 months left in the year = \$186.
- So, for the remaining months of the year she will pay \$186 per month, to reach the \$2,100 OOP maximum.

It is important to know that if you are prescribed a drug later in the year, the math would start in the month you first have to pay for the drug. For example, if you only have 4 months left in the year, your monthly payments will be higher.

How Do You Sign Up for the MPPP?

The MPPP is run by your Part D plan or Part C plan with prescription drug coverage. It is a voluntary program, so you have to sign up with your Part D or Part C plan to participate. You can sign up at any time during the year, before December. However, if you go to the pharmacy to pick up a drug and then decide that you want to participate in the MPPP, you cannot sign up at the pharmacy. You will have to contact your Part D or Part C plan to sign up and then pick up your prescription.

Your plan should provide a phone number, website, or mail-in option to sign up for the MPPP. They may provide a form called the “Medicare Prescription Payment Plan Participation Request Form.” If you enrolled in the MPPP in 2025, and want to stay enrolled for 2026, you will be automatically re-enrolled. But if you make changes to your plan, then you will need to sign up for the MPPP with your new plan. If you sign up in the middle of a plan year, the plan must process your application within 24 hours. If you sign up before the next plan year begins, they must process the application within 10 days, or by January 1, which is sooner.

Who Does the MPPP Benefit?

Part D and Part C plans are required to identify people who may benefit from the MPPP and provide them with information on how to sign up. People who are most likely to benefit from the MPPP are people who are taking expensive drugs early in the calendar year. People who are less likely to benefit from the MPPP, include: 1) those with Medicare and Medicaid; 2) those with Extra Help; 3) those with low drug costs; and 4) those who start taking a drug at the end of the year. To help decide if the MPPP would benefit you, you can preview your monthly drug costs using this tool from Medicare: [Medicare.gov/prescription-payment-plan/will-this-help-me](https://www.medicare.gov/prescription-payment-plan/will-this-help-me).

For information about Medicare drug coverage: [TriageHealth.org/medicare](https://www.triagehealth.org/medicare). If you have questions about how to sign up for the MPPP with your plan, contact your Part D or Part C plan directly.

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