



What's **actually** changing in 2027...and what *isn't*

Medicare Part D

in plain **English**



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REALITY CHECK

If you saw a headline about Medicare Part D “ending” or subsidies “going away” and felt your stomach drop, here is the first thing I want you to know: you are not confused because you are bad at this. It is confusing on purpose. Press releases are written for policy people, not for you.

So before we get into the details, here is the short version.

What is ending is a temporary subsidy the government paid to insurance companies.

What is NOT ending is your actual protection under Medicare.

Let us break down exactly what that means, one piece at a time.

WHAT'S ACTUALLY ENDING

Starting in 2025, a new law (the Inflation Reduction Act) capped how much people pay out of pocket for prescription drugs and closed the old “donut hole” gap completely. That was great news for you, but it meant insurance companies suddenly had to cover a lot more of the cost themselves.

To help them adjust, the government created a temporary program that gave insurance companies extra money so they would not raise premiums too fast while they got used to the new rules. That program is called the **Part D Premium Stabilization Demonstration**, and it is ending after 2026.

That is it. That is the whole “subsidy” the headlines are talking about. It was never a payment to you. It was a cushion for insurance companies while the rules changed around them.

WHAT'S NOT CHANGING

\$2,400 out-of-pocket cap

- For 2027, once you hit this amount on covered drugs, you pay nothing more for the rest of the year. This comes from the Inflation Reduction Act directly and has nothing to do with the subsidy that is ending.

The 6% cap on premium growth

- The base Part D premium is limited to no more than 6% growth per year through 2029. That protection stays in place.

Extra Help (Low-Income Subsidy)

- If you qualify for Extra Help, this news does not touch that program at all.

Medicare Advantage drug coverage

- This is a separate system from standalone Part D plans, and this change does not affect it the same way.

WHAT COULD ACTUALLY CHANGE

Some standalone Part D premiums will change in 2027, but not evenly across the board. Based on the government's own bid data:

About **25%** of people will see their premium stay flat or go down.

About **30%** will see an increase under \$10 a month.

About **45%** will see an increase somewhere between \$11 and \$20 a month.

Here is the part that matters more than any of those numbers: your **formulary**, the list of drugs your plan covers, can change every single year regardless of this news. A medication getting dropped or moved to a pricier tier is a bigger risk to your wallet than a small premium bump.

That is why reading your Annual Notice of Change matters more this year than the premium headline does.

THE REAL TIMELINE

RIGHT NOW

Nothing is final. Ignore any specific dollar figure you see in the news, real numbers are not out yet.

MID TO LATE SEPTEMBER

CMS releases actual 2027 plan numbers, and your Annual Notice of Change arrives in the mail.

OCTOBER 15 TO DECEMBER 7

Open Enrollment. This is your window to compare plans and switch if you need to.

Your one action item: mark September on your calendar. That is when this actually becomes worth your time, not before there is real information, and not after your options have narrowed.

YOUR SIMPLE CHECKLIST

- ☐ Read your Annual Notice of Change the week it arrives
- ☐ Check that your medications are still covered the same way
- ☐ Note your new premium and compare it to what you pay now
- ☐ Confirm your pharmacy is still in network
- ☐ If anything looks off, reach out before December 7, not after

WANT A SECOND OPINION?

You do not have to figure this out alone! Once your 2027 numbers are out this fall, I am happy to look at your plan with you. Comparing options is genuinely what I do all day, and there is no cost to you for a review!

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Send a message anytime, especially once your Annual Notice of Change lands. I would rather help you compare now than have you guess in December!

Special thanks to

Davis Brothers Pharmacy

A Pharmacy that understands you!

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