



Health Care Reform in Indian Country

Self-Governance Communication & Education

Self-Governance Tribes Striving Towards Excellence in Health Care

Tribal Sponsorship of Medicare Part B and Part D Premiums¹

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This TSGAC brief provides a review of Tribal Sponsorship resources and authorities available under Medicare. Medicare plays an important role in helping elderly American Indians and Alaska Natives (AI/ANs) obtain necessary health services.² But because of premiums and out-of-pocket costs, many Medicare-eligible AI/ANs lack the resources necessary to enable access to critical services covered under the various components of the Medicare program. Although Medicare enrollees generally pay no premiums for Part A, which covers inpatient hospital care, enrollment in Part B, which covers physician and outpatient services, and Part D, which covers prescription drugs, does require payment of premiums (see Tables 1, 3, and 5 below), prompting some elderly AI/ANs to opt not to enroll.

[Please note that the TSGAC previously provided a Webinar on this topic. The PPT presentation is available at <https://www.tribalseg.org/wp-content/uploads/2017/12/TSGAC-PP-for-Medicare-Sponsorship-Webinar-2017-11-30a.pdf>.]

Medicare Part	Covered Services	Premium	Cost-Sharing
Part A	Inpatient hospital care	No	Inpatient deductible (\$1,632 in 2024)
Part B	Physician services, outpatient care and certain other services	Yes (\$174.70 in 2024, with higher premiums for higher-income beneficiaries)	Annual deductible (\$240 in 2024) and coinsurance (20% for most services)
Part C	Medicare Parts A and B (and sometimes Part D) through private health plans	Yes, if any	Deductible, copayments, and/or coinsurance (might apply for certain services)
Part D	Outpatient prescription drugs	Yes (varies by plan)	Copayments and/or coinsurance

¹ This brief is for informational purposes only and is not intended as legal advice. For questions on this brief, please contact Doneg McDonough, TSGAC Technical Advisor, at DonegMcD@Outlook.com.

² For example, Medicare Part B pays for services such as outpatient specialty services. And Medicare Part D covers, among other things, high-cost specialty medications that can contribute to tremendous improvements in the quality of life for certain patients and that in many cases are unavailable through the Indian Health Service (IHS) or through a Purchased and Referred Care (PRC) program referral.

Premiums for Medicare Part B and D cover approximately 25% of program costs, with the federal government contributing the remaining funding.³ As a result, the value of the services covered under Medicare Part B and D typically far exceeds the amount of the premium payment, whether an enrollee has higher-than-average or average health care expenditures.

To help maximize enrollment of AI/ANs in Medicare Part B and Part D (and increase the resources available to Indian health programs), Tribes can initiate programs to pay premiums on behalf of Tribal members⁴ (“Sponsorship”).⁵

- Under federal regulations, employers, lodges, unions, and other organizations, including Tribes, can reimburse **Medicare Part B** premiums to one or more enrollees, and some Tribes have implemented Part B Sponsorship programs.⁶
- **Medicare Part D** law and regulations do not specifically address Tribal Sponsorship of premiums. However, Tribes are permitted to sponsor Part D enrollees, and some Tribes have implemented Part D Sponsorship programs by paying Part D premiums on behalf of Tribal members.^{7,8} Tribes are authorized to use federal health care funding to pay for health benefits coverage for their beneficiaries under Section 402 of the Indian Health Care Improvement Act, 25. U.S.C. § 1642.

Medicare Part B Sponsorship

Medicare Part B covers a range of health services for enrollees, including:

- Physician services;
- Outpatient care;

³ For more information on Medicare costs, see <https://www.medicare.gov/basics/costs/medicare-costs>.

⁴ In this brief, the term “Tribal member” refers to any IHS-eligible individual who a Tribe decides to sponsor, regardless of whether the individual is an enrolled member or affiliated IHS-eligible individual of the Tribe.

⁵ In addition to paying the premiums for Medicare Part B and Part D, the option is available to Tribes to sponsor Medicare beneficiaries for “Medicare Supplemental” coverage that covers the out-of-pocket costs (e.g., deductibles and copayments) charged to beneficiaries under Medicare Parts A and B.

⁶ See Kaiser Family Foundation (KFF), “The Role of Medicare and the Indian Health Service for American Indians and Alaska Natives: Health, Access and Coverage,” page 9, at <http://files.kff.org/attachment/report-the-role-of-medicare-and-the-indian-health-service-for-american-indians-and-alaska-natives-health-access-and-coverage>.

⁷ See Tribal Technical Advisory Group (TTAG), “Indian Sponsorship Under Exchange Plans,” Attachment 1, page 1, at <http://www.nihb.org/tribalhealthreform/wp-content/uploads/2013/06012011/TTAG%20-%20Enabling%20an%20Indian%20Sponsorship%20Option%20DIST%202011-04-13.pdf>.

⁸ IHS also has the authority to pay Medicare Part B (but not Part D) premiums on behalf of eligible AI/ANs. As of December 2014, however, IHS had not used this authority. See GAO, “Medicare and Medicaid: CMS and State Efforts to Interact with the Indian Health Service and Indian Tribes,” page 10, at <http://www.gao.gov/new.items/d08724.pdf>.

- Preventive services, such as screenings for diabetes, cancer, and cardiovascular disease;
- Some home health services;
- Some diabetes supplies;
- Clinical laboratory and diagnostic tests;
- Durable medical equipment; and
- Ambulance services.

Most individuals are automatically enrolled in Medicare Part B at the time they reach age 65 and become eligible for Medicare, but others (*e.g.*, individuals who have not begun to receive Social Security benefits because they remain employed) are not automatically enrolled. For individuals not automatically enrolled, enrollment in Part B can begin during the 7-month period that (1) starts 3 months before the month they turn 65, (2) includes the month they turn 65, and (3) ends 3 months after the month they turn 65. Outside of this initial enrollment period, the annual enrollment period for Part B runs from January 1 to March 31, with coverage beginning July 1.

Special Enrollment Periods (SEPs) Under Part B

Some individuals might qualify for an SEP that allows enrollment outside of the annual open enrollment period, but no SEP is available specifically for AI/ANs. The following individuals qualify for an SEP under Part B:

- Individuals enrolled in group health insurance based on current employment (excludes COBRA and retiree coverage), as long as they continue (or their spouse continues) working, can enroll in Part B at any time;
- Individuals whose current employment or enrollment in group health insurance based on current employment (excludes COBRA and retiree coverage) ends can enroll in Part B over the 8-month period that begins with the month after the event;⁹ and
- In some cases, individuals serving as volunteers abroad can enroll in Part B under an SEP.

Part B Premium

Part B enrollment requires payment of a premium, although lower-income enrollees might qualify for premium assistance through a Medicare Savings Program (MSP). Eligibility for MSPs

⁹ The SEPs for individuals enrolled in or ending their enrollment in group health insurance based on current employment do not apply to individuals who qualify for Medicare based on having end-stage renal disease (ESRD).

is determined by income level and an asset test (see Table 2 below for income eligibility and asset requirements).^{10,11} Individuals pay their Medicare Part B premium via a direct deduction from their monthly Social Security checks. As such, if a Tribe seeks to pay Medicare Part B premiums on behalf of eligible Tribal members, it would do so by reimbursing these individuals by the amount of their deductions. The Tribe, as part of such a Sponsorship program, could ask sponsored Tribal members to provide documentation that these deductions have occurred and then reimburse the Tribal members on a monthly basis or through a single annual payment.

Medicare Savings Program	Benefits Covered	Annual Income Limits		Asset Limits	
		Individual	Couple	Individual	Couple
Qualified Medicare Beneficiary (QMB)¹	<p><u>Part A</u> Full premium; inpatient deductible; hospital and SNF copayments</p> <p><u>Part B</u> Full premium; deductible; coinsurance</p>	\$15,300	\$20,688	\$9,430	\$14,130
Specified Low-Income Medicare Beneficiary (SLMB)¹	Full Part B premium	\$18,312	\$24,768	\$9,430	\$14,130
Qualifying Individual (QI)¹	Full Part B premium	\$20,580	\$27,840	\$9,430	\$14,130
Qualified Disabled Working Individual (QDWI)²	Full Part A premium	\$61,260	\$82,788	\$4,000	\$6,000

¹ Annual income limit figures include a monthly \$20 SSI income disregard.

² Annual income limit figures include a monthly \$20 SSI income disregard plus an additional monthly \$65 income disregard.

Late Enrollment in Part B

In most cases, if individuals do not enroll in Medicare Part B when they first become eligible, they must pay a late enrollment penalty for as long as they participate in Part B. However:

- An important exception to this policy is that individuals who receive premium assistance through an MSP—*i.e.*, the Qualified Medicare Beneficiary (QMB) Program, Specified Low-Income Medicare Beneficiary (SLMB) Program, Qualifying Individual (QI) Program, or Qualified Disabled and Working Individuals (QDWI) Program—do not pay the late enrollment penalty; and
- Other exceptions apply as well, including for those securing “creditable coverage” through an employer (or the employer of a spouse) with more than 20 employees.¹²

¹⁰ The QMB Program, SLMB Program, and QI Program provide assistance in paying Medicare Part B premiums. See <https://www.medicare.gov/basics/costs/help/medicare-savings-programs>.

¹¹ States can apply more liberal income and asset requirements.

¹² IHS is not considered creditable coverage for this purpose. Generally, individuals who do not enroll in Medicare Part B during the 7-month period that (1) begins 3 months before the month they turn 65, (2) includes the month

The Part B premium typically increases by 10% of the base Part B premium for each full 12-month period that individuals could have enrolled, but did not enroll, in Part B.¹³ The Part B premiums and late enrollment penalties for 2024 are shown in Table 3 below.

Beneficiary Annual Income and Tax Filing Status			Monthly Premium (2024) ³	Monthly Premium with Late Enrollment Penalty		
Filing Individually ¹	Married, Filing Jointly ²	Married, Filing Separately		After 12 Months	After 24 Months	After 36 Months
\$103,000 or less	\$206,000 or less	\$103,000 or less	\$174.70	\$192.17	\$209.64	\$227.11
\$103,001-\$129,000	\$206,001-\$258,000	--	\$244.60	\$269.06	\$293.52	\$317.98
\$129,001-\$161,000	\$258,001-\$322,000	--	\$349.40	\$384.34	\$419.28	\$454.22
\$161,001-\$193,000	\$322,001-\$386,000	--	\$454.20	\$499.62	\$545.04	\$590.46
\$193,001-\$500,00	\$386,001-\$750,00	\$103,001-\$397,000	\$559.00	\$614.90	\$670.80	\$726.70
\$500,001 or more	\$750,001 or more	\$397,001 or more	\$594.00	\$653.40	\$712.80	\$772.20

¹ Individuals with annual income less than \$20,580 might qualify for a Medicare Savings Program that helps pay Part B premiums (in 2024).

² Couples with annual income less than \$27,840 might qualify for a Medicare Savings Program that helps pay Part B premiums (in 2024).

³ For those not eligible for premium-free Part A (e.g., an individual paid Medicare taxes for less than 30 quarters), the full Part A premium is \$505 per month in 2024. If paid Medicare taxes for 30-39 quarters, the standard Part A premium is \$278.

Apart from a Medicare Part B Sponsorship program for the base Part B premium, Tribes have the option of paying the late enrollment penalty on behalf of Tribal members directly to the Centers for Medicare and Medicaid Services (CMS) by entering a “Surcharge Only Agreement” with CMS. Under this agreement, the Tribe would submit to CMS an Excel spreadsheet (provided by the agency) with data on sponsored Tribal members and establish a Pay.gov account to facilitate payment of the late enrollment penalty on their behalf. Once the Social Security Administration (SSA) has processed the data, sponsored Tribal members would have only their base part B premium deducted from their monthly Social Security checks.

they turn 65, and (3) ends 3 months after the month they turn 65 are subject to this penalty; the following individuals can delay enrolling in Part B without paying a penalty:

- Individuals who continue to work past age 65 for firms with more than 20 employees and receive health insurance through their employer (or individuals who receive coverage through the employer of their spouse) can delay enrolling in Part B until they leave their jobs, after which time they have an 8-month window for enrolling;
- Individuals who are active-duty service members and have health insurance through TRICARE (or individuals who are the spouse or dependent child of an active-duty service member who has coverage through TRICARE) can delay enrolling in Part B but must enroll prior to retiring; and
- Individuals who qualify for Medicare based on having ESRD can delay enrolling in Part B indefinitely.

For additional information, see <https://www.medicare.gov/basics/get-started-with-medicare/sign-up/ready-to-sign-up-for-part-a-part-b>.

¹³ There is not an Indian-specific provision exempting AI/ANs from the late enrollment penalty.

Medicare Part D

Medicare Part D covers outpatient prescription drugs through private prescription drug plans. In addition, prescription drug coverage is made available to Medicare enrollees through some private plans offered under Part C, referred to as Medicare Advantage¹⁴; these plans combine Part D prescription drug coverage with the comprehensive medical services offered under Parts A and B. Part D enrollment requires payment of a premium, although lower-income enrollees might qualify for the Low-Income Subsidy (LIS) program (also called “Extra Help”), which provides assistance with paying for Part D premiums, deductibles, and coinsurance.¹⁵ Medicare enrollees who are dually eligible for Medicaid (dual eligibles) and meet state MSP income and asset requirements are enrolled in the LIS program automatically.^{16,17} Other Medicare enrollees must apply for the LIS program through SSA or their state Medicaid agency,¹⁸ with their eligibility determined based on federal income and asset requirements (see Table 4a below).

Annual Income Limits		Asset Limits	
Individual	Couple	Individual	Couple
\$22,836	\$30,900	\$15,720	\$31,360

Medicare enrollees pay no Part D premiums or deductibles under the LIS program but in some cases are required to make copayments, with the amounts varying depending on their dual-eligible status and income (see Table 4b below).¹⁹

¹⁴ See discussion below on Part C plans.

¹⁵ For more information on the LIS program, see <https://www.medicare.gov/basics/costs/help/drug-costs>.

¹⁶ Many states use the federal MSP income and asset requirements (see Table 2 above), but some states apply more liberal standards.

¹⁷ Institutionalized dual eligibles and those who receive home and community-based services do not have to meet state MSP income and asset requirements.

¹⁸ Non-dual eligibles with an income at or less than 135% FPL and assets at or less than \$17,220 (in 2024) are enrolled in the LIS program automatically if they receive Supplemental Security Income (SSI) benefits.

¹⁹ The Inflation Reduction Act, enacted in August 2022, expanded eligibility for full-premium subsidies under the LIS program to Medicare beneficiaries with an income at or less than 150% FPL, beginning in 2024. Previously, only Medicare beneficiaries with an income at or less than 135% FPL qualified for full-premium subsidies under the LIS program.

Beneficiary Category	Premium	Deductible	Drug Copayment (up to out-of-pocket threshold)¹	Drug Copayment (above out-of-pocket threshold)¹
Institutionalized full-benefit dual eligibles; or Full-benefit dual eligible who receive home and community-based services	\$0	\$0	\$0	\$0
Full-benefit dual eligibles (with income ≤ 100% FPL)	\$0	\$0	\$1.55 for generic; \$4.60 for brand-name	\$0
Full-benefit dual eligibles (with income > 100% FPL);	\$0	\$0	\$4.50 for generic; \$11.20 for brand-name	\$0
Non-dual eligibles (with income ≤ 135% FPL and assets ≤ \$17,220) ²	\$0	\$0	\$4.50 for generic; \$11.20 for brand-name	\$0
Non-dual eligibles (with income 135%-150% FPL and assets ≤ \$17,220) ²	\$0	\$0	\$0	\$4.50 for generic; \$11.20 for brand-name

¹ The out-of-pocket (OOP) threshold refers to the level of OOP spending an individual must reach under Medicare Part D before catastrophic coverage begins (\$8,000 in 2024).

² With assets ≤ \$34,360 for married couple. Asset limits include \$1,500 per individual burial allowance.

In general, individuals can begin to enroll in Medicare Part D during the 7-month period that (1) begins 3 months before the month they turn 65, (2) includes the month they turn 65, and (3) ends 3 months after the month they turn 65. Outside of this initial enrollment period, most individuals can enroll in Part D only during the annual open enrollment period that runs from October 15 through December 7, with coverage beginning January 1.

SEPs Under Part D

Some individuals might qualify for an SEP that allows enrollment in Medicare Part D outside of the annual open enrollment period, but no SEP is available specifically for AI/ANs. Dual eligibles and individuals who qualify for the LIS program (LIS-eligible individuals) can enroll in, switch, or drop Part D plans once per calendar quarter during the first nine months of the year; dual eligibles and LIS-eligible individuals assigned to a Part D plan by CMS or a state can use the SEP upon notification or within 3 months of the assignment effective date, whichever is later.²⁰

The following individuals also qualify for an SEP under Part D:

- Individuals who move to a new address, either outside of the service area of their plan or still within the service area but in a location with additional plan options, during the month before they move plus 2 additional months²¹;

²⁰ CMS modified the Medicare Part D SEP for dual eligibles and LIS-eligible individuals in a final rule that took effect on June 15, 2018. Prior to that date, dual-eligible and LIS-eligible individuals could enroll in, switch, or drop Part D plans at any time. The final rule also made the SEP unavailable for dual-eligible or LIS-eligible individuals if their current Part D plan labels them as “at-risk” or “potentially at-risk” for substance abuse, until the plan lifts that designation (maximum of 24 months). See CMS-4182-F, “Medicare Program; Contract Year 2019 Policy and Technical Changes to the Medicare Advantage, Medicare Cost Plan, Medicare Fee-for-Service, the Medicare Prescription Drug Benefit Programs, and the PACE Program” (83 FR 16440), at <https://www.gpo.gov/fdsys/pkg/FR-2018-04-16/pdf/2018-07179.pdf>.

²¹ Individuals who wait to inform their plan about their change of address after they move qualify for the SEP during the month they inform their plan plus 2 additional months.

- Individuals who move into, live in, or move out of an institution, such as a skilled nursing facility or long-term care hospital, for as long as they reside in the institution and for 2 months after the month they leave the institution;
- Individuals released from jail, for 2 months, beginning the month after their release;
- Individuals who lose Medicaid eligibility, leave health insurance through an employer or union (includes COBRA coverage), involuntarily lose creditable Part D coverage, leave a Medicare Cost Plan, or leave coverage through a Program of All-inclusive Care for the Elderly (PACE) plan, for 2 months, beginning the month after the loss of coverage; and
- Individuals whose plan changes its contract with Medicare (timeframe varies by case).²²

Part D Premium

Individuals pay their Medicare Part D premium via direct payment to Part D plans. If a Tribe seeks to pay Medicare Part D premiums on behalf of Tribal members, it could do so by working directly with Part D plans to establish a process and minimize costs. Under such a Sponsorship program, the Tribe could provide information on the program to eligible Tribal members and have staff assist these individuals with the online enrollment process.²³ Tribal staff also typically work with account managers at Part D plans to reach agreements under which the Tribe provides the Part D plans with a list of sponsored Tribal members and the plans send consolidated bills to the Tribe on a monthly basis.

Late Enrollment in Part D

Table 5 below summarizes the premiums and late payment penalties for IHS-eligible individuals and the general population. IHS-eligible individuals do *not* have to pay a late enrollment penalty for Medicare Part D if enrolling after the initial enrollment period. For the general population, if individuals are not enrolled in a Part D plan, a Part C plan that offers Part D coverage, or some other form of “creditable” Part D coverage for any continuous period of 63 days or more after their initial enrollment period ends, they might have a late enrollment penalty added to their Part D premium. But because IHS eligibility qualifies as creditable Part D coverage,²⁴ IHS-eligible individuals do not have pay the late enrollment penalty.

²² A list of circumstances that can trigger SEPs for Medicare Part D is available at <https://www.medicare.gov/basics/get-started-with-medicare/get-more-coverage/joining-a-plan/special-enrollment-periods>.

²³ AI/ANs enrolling in Medicare Part D plans outside of the initial enrollment period typically need to show the plan proof of creditable Part D coverage (IHS eligibility) to avoid the late enrollment penalty (e.g., through a letter or telephone call from the Tribe or IHS).

²⁴ Other examples of “creditable” coverage include coverage from a former employer or union, TRICARE, the Department of Veterans Affairs, or the Federal Employees Health Benefits Program; no similar exemption exists for

Beneficiary Status	Beneficiary Annual Income and Tax Filing Status			Monthly Premium (2024) ^{1,2}	Late Enrollment Penalty ^{3,4}		
	Filing Individually	Married, Filing Jointly	Married, Filing Separately		After 12 Months	After 24 Months	After 36 Months
IHS-eligible individuals	\$103,000 or less	\$206,000 or less	\$103,000 or less	\$34.70	No penalty	No penalty	No penalty
	\$103,001-\$129,000	\$206,001-\$258,000	--	\$47.60	No penalty	No penalty	No penalty
	\$129,001-\$161,000	\$258,001-\$322,000	--	\$68.00	No penalty	No penalty	No penalty
	\$161,001-\$193,000	\$322,001-\$386,000	--	\$88.50	No penalty	No penalty	No penalty
	\$193,001-\$500,000	\$386,001-\$750,000	\$103,001-\$397,000	\$108.90	No penalty	No penalty	No penalty
	\$500,001 or more	\$750,001 or more	\$397,001 or more	\$115.70	No penalty	No penalty	No penalty
Individuals without Part D or creditable prescription drug coverage	\$103,000 or less	\$206,000 or less	\$88,000 or less	\$34.70	\$4.20	\$8.30	\$12.50
	\$103,001-\$129,000	\$206,001-\$258,000	--	\$47.60	\$4.20	\$8.30	\$12.50
	\$129,001-\$161,000	\$258,001-\$322,000	--	\$68.00	\$4.20	\$8.30	\$12.50
	\$161,001-\$193,000	\$322,001-\$386,000	--	\$88.50	\$4.20	\$8.30	\$12.50
	\$193,001-\$500,000	\$386,001-\$750,000	\$88,001-\$412,000	\$108.90	\$4.20	\$8.30	\$12.50
	\$500,001 or more	\$750,001 or more	\$412,001 or more	\$115.70	\$4.20	\$8.30	\$12.50

¹ "National base beneficiary premium" (\$34.70 in 2024) is used as the basis for the premium amounts listed in the table; actual Part D premiums vary by prescription drug plan.

² Individuals with annual income less than \$22,836 and couples with annual income less than \$30,900 might qualify for the LIS program (in 2024), which helps pay Part D premiums.

³ Late enrollment penalty equals 1% of the national base beneficiary premium times the number of full months without Part D (or creditable) coverage.

⁴ Table assumes no increase in the national base beneficiary premium from year to year; the national base beneficiary premium might change from year to year, and as such, the actual penalty might increase (or decrease) from year to year.

Coverage/Cost-Sharing Under Part D Plans

Medicare Part D plans must offer either the defined standard benefit or an alternative equal in value (“actuarially equivalent”) and also can provide enhanced benefits (see Table 6 below for information on the standard benefit).²⁵ However, Part D plans vary on their specific benefit design, cost-sharing amounts, utilization management tools (*i.e.*, prior authorization, quantity limits, and step therapy), formularies (*i.e.*, covered medications), and provider networks. For example, Part D plan formularies must include drug classes covering all disease states and a minimum of two chemically distinct medications in each class. In addition, Part D plans must cover all drugs in six “protected” classes: immunosuppressants, antidepressants, antipsychotics, anticonvulsants, antiretrovirals, and antineoplastics.²⁶ Nonetheless, the formulary of a particular Part D plan might not include specific brand-name medications.

*Prior to selecting one or more Part D (or Part C) plans for use with sponsored Tribal members, the Tribe should evaluate the available plans, including (1) assessing the ability of plan enrollees to access Indian health care providers (IHCPs) as in-network providers and (2) assessing the ability of IHCPs to receive payment, and the payment rates, from a Part D (or Part C) plan for services rendered.*²⁷

the late enrollment penalty for Medicare Part B. See Congressional Research Service (CRS), “Medicare: Part B Premiums,” page 6, at <https://www.fas.org/sgp/crs/misc/R40082.pdf>.

²⁵ For more information on Medicare Part D benefit parameters, see <https://www.cms.gov/files/document/2024-announcement-pdf.pdf>.

²⁶ The Inflation Reduction Act, beginning in 2023, also limited the price of insulin products to no more than \$35 per month in all Part D plans and made adult vaccines covered under Part D available at no cost.

²⁷ Under section 206 of the Indian Health Care Improvement Act (IHCIA), an IHCP is provided a right of recovery from an insurance company and other third-party entities, including Part D plans, for reasonable charges billed by an

Table 6. Medicare Part D Standard Benefit for 2024 and 2025			
		2024	2025 (estimated)¹
Deductible		\$545	\$590
Initial coverage period (& coverage gap) ²	Percentage of drug costs covered by enrollee	25%	25%
	Estimated maximum enrollee OOP spending (excluding deductible) ³	\$3,112	\$1,410
Total maximum OOP costs (including deductible)		\$3,657	\$2,000

¹ Figures for 2025 reflect a \$2,000 cap on out-of-pocket drug costs for Medicare Part D enrollees imposed by the Inflation Reduction Act. Figures are estimated based on information provided in the CMS document titled "Final CY 2025 Part D Redesign Program Instructions Fact Sheet" and available at <https://www.cms.gov/files/document/fact-sheet-final-cy-2025-part-d-redesign-program-instructions.pdf>.

² In 2020, the coverage gap effectively closed, meaning enrollees pay 25% coinsurance through both the initial coverage and coverage gap periods. In 2025, the Inflation Reduction Act will eliminate the coverage gap period from the Medicare Part D standard benefit.

³ Figure for 2024 excludes the value of a 70% discount on brand-name drugs provided by drug manufactures during the coverage gap period.

For 2024, the Part D standard benefit will require enrollees (or Indian health programs on their behalf) to pay a \$545 deductible and then 25% coinsurance until they reach a coverage limit of \$5,030 in total drug costs (*i.e.*, combined plan and enrollee spending). This initial coverage period in past years was followed by a coverage gap, in which enrollees had to pay for a larger share of their total drug costs than in the initial coverage period. In 2020, however, the coverage gap effectively closed, meaning enrollees will continue to pay 25% coinsurance until they reach the catastrophic coverage threshold, after which they will have to no drug costs as of 2024.²⁸ For purposes of “coverage gap” spending, direct spending by enrollees and drug costs incurred by Indian health programs on behalf of an enrollee count toward meeting the spending threshold.²⁹ Medicare indexes the standard benefit amounts annually based on the rate of Part D per capita spending growth.

For 2025, federal law caps out-of-pocket drug costs for enrollees at \$2,000 per year, with the amount of the cap indexed annually in subsequent years.

Table 7 below tracks the split between enrollee (and/or Indian health program) spending and Part D plan spending across the coverage periods.

IHCP when providing services, or, if higher, the highest amount the third party would pay for services furnished by other providers. This right of recovery applies whether the IHCP is in a plan network or not.

²⁸ The Inflation Reduction Act, beginning in 2024, eliminated the 5% coinsurance requirement for Medicare Part D enrollees after they reach the catastrophic coverage threshold; in 2025, the law will cap out-of-pocket drug costs for enrollees at \$2,000 per year, with the amount of the cap indexed annually in subsequent years.

²⁹ See CMS All-Tribes Call, November 2, 2012, at <https://www.cms.gov/Outreach-and-Education/American-Indian-Alaska-Native/AIAN/Downloads/11-2-2012-TranscriptAllTribesCall.pdf>.

	Spending Range	Plan/ Drug Manufacturers/ Medicare Covers	Enrollee Pays	Total
Initial coverage period	Deductible	\$0	\$545	\$545
	\$0-\$5,030 in total drug costs	\$3,773	\$1,258	\$5,030
Coverage gap	\$5,031-\$12,447 in total drug costs	\$5,563	\$1,854	\$7,417
Catastrophic coverage	\$12,447+ in total drug costs	100% of costs	\$0	--

¹ See Figure 5 of the Kaiser Family Foundation (KFF) report titled "An Overview of the Medicare Part D Prescription Drug Benefit" and dated October 17, 2023, at <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>.

Alternative Prescription Drug Coverage Under Part C Plans

As another option, Medicare enrollees can obtain prescription drug coverage and potentially lower out-of-pocket costs by enrolling in a Part C (Medicare Advantage) plan. Under Part C, Medicare enrollees select from private plans that provide both Part A and Part B coverage and, in many cases, Part D coverage. Not all Part C plans offer Part D coverage. Medicare beneficiaries who enroll in Part C plans must pay the Part B premium and, in many cases, an additional Part C plan premium. The average Part C plan premium in 2024 is \$18.50 per month.³⁰

In addition to premiums, Medicare Part C plan enrollees often must pay deductibles and coinsurance (or copayments) when accessing services, with these amounts determined annually by the plan effective January 1 of the coverage year. As compared with traditional Medicare Part A and Part B coverage, the Medicare Advantage plan might offer reduced out-of-pocket costs. But as a trade-off to potentially lower out-of-pocket costs, patients typically are required to receive services from a more restricted list of health care providers than is available under fee-for-service Medicare. Some Part C plans do not include IHCPs as in-network providers and may steer AI/AN enrollees to other in-network providers. *If a Tribe seeks to pay Part C premiums on behalf of Tribal members, prior to enrolling members in the plan, the Tribe should (1) assess the ability of plan enrollees to access IHCPs as in-network providers and (2) assess the ability of IHCPs to receive payment, and the payment rates, from a Part C plan for services rendered.*³¹

³⁰ The amount of premiums charged by (and level of access to) Medicare Part C plans varies substantially in different regions of the United States.

³¹ See footnote 25 regarding the right of recovery for an IHCP for reasonable charges billed to an insurance company and other third-party entities, including Medicare Advantage plans.

Out-of-pocket costs for Part C plan enrollees can vary widely, depending on the following factors:

- Whether the plan charges a monthly premium (in addition to the Part B premium);
- Whether the plan pays any of the monthly Part B premium;
- The amount of any annual (Part A or Part B) deductible or additional deductibles;
- The amount of any coinsurance or copayments the enrollee must pay for accessing services;
- The type and amount of services used;
- Whether enrollees obtain services from in-network or out-of-network providers;
- Whether enrollees require extra benefits and whether the plan charges for those benefits;
- The amount of any out-of-pocket cost limits implemented by the plan; and
- Whether enrollees qualify for Medicaid or obtain financial assistance from their state.

Comparison of Part B and Part D Considerations

Table 8 below provides a comparison of considerations for Medicare Part B and Part D Sponsorship programs for Tribal members. In addition to the listed factors, for Part D plan Sponsorship, whether IHCPs are included in the provider network of a Part D plan and what the payment rates are under the Part D plan are two additional considerations. In addition, for Part D Sponsorship, a review of the plan formulary could serve as a critical factor in determining the value of the coverage to particular Tribal members.

Table 8. Comparison of Medicare Part B and Part D Sponsorship Considerations for Tribal Members							
Sponsorship Program Type	Covered Services	Enrollment Process	Late Enrollment Penalty	Late Enrollment Penalty Amount	Late Enrollment Penalty Exemption for Creditable Coverage (e.g., IHS eligibility)	Premium Payment Mechanism (w/o Sponsorship)	Premium Payment Mechanism (w/ Sponsorship)
Part B	Physician services, outpatient care and certain other services	Automatic at age 65 (for SS check recipients; optional for others)	Yes	10% increase in premium (\$174.70 for standard premium in 2024) for each full 12-month period eligible for, but not enrolled in, Part B	No	Deduction from enrollee SS check paid to federal government	Tribe pays enrollee for SS check deduction
Part D ¹	Outpatient prescription drugs	Optional at age 65	No (for IHS eligibles)	No late fee for IHS-eligible individuals ²	Yes	Enrollee payment to private plan	Tribe pays private Part D plan (consolidated)

¹ Likewise, a Medicare beneficiary can enroll in a Part C (Medicare Advantage) plan that offers Part D prescription drug coverage.

² For the general population, the late enrollment penalty is 1% of the "national base beneficiary premium" (\$34.70 in 2024) times the number of full months without Part D (or creditable) coverage.

For additional reference, Table 9 below offers a comparison of Medicare Part B and Part D on a number of program elements regarding program operations and enrollee (and/or Indian health program) costs.

Table 9. Comparison of Medicare Part B and Part D Program Operations and Beneficiary Costs		
PROGRAM OPERATIONS		
	Part B	Part D
Covered Services	Physician services, outpatient care, and certain other services	Outpatient prescription drugs
Enrollment Process	Automatic at age 65 (for SS check recipients; optional for others)	Optional at age 65
Initial Enrollment Period	7-month period, beginning 3 months before the month individuals turn 65 and ending 3 months after the month they turn 65	7-month period, beginning 3 months before the month individuals turn 65 and ending 3 months after the month they turn 65
Annual Enrollment Period	January 1 to March 31, with coverage beginning July 1	October 15 to December 7, with coverage beginning January 1
Special Enrollment Periods	Yes, under limited circumstances (no SEP available specifically for AI/ANs)	Yes, under limited circumstances (e.g. individuals eligible for premium assistance and/or Medicaid can enroll in and switch plans any time; no SEP available specifically for AI/ANs)
BENEFICIARY COSTS (2024)		
	Part B	Part D
Monthly Premium	\$174.70 (with higher premiums for higher-income beneficiaries)	Varies by plan
Cost-Sharing	Annual deductible (\$240) and coinsurance (20% for most services)	Annual deductible (\$545) and copayments and/or coinsurance
Premium Assistance	Medicare Savings Programs for low-income individuals (< \$20,580) and couples (< \$27,840) (in 2024) ¹	Low-Income Subsidy Program for low-income individuals (< \$22,836) and couples (< \$30,900) (in 2024) ¹
Late Enrollment Penalty	10% increase in premium for each full 12-month period eligible for, but not enrolled in, Part B	1% of the "national base beneficiary premium" ² times the number of full months without Part D (or creditable) coverage
Late Enrollment Penalty Exemption	No, unless individuals receive premium assistance	Yes, if individuals have creditable coverage (e.g., IHS eligibility) or receive premium assistance

¹ Income-eligible individuals and couples also must meet asset limit requirements.

² The national base beneficiary premium is \$34.70 in 2024.