

Example 1: Start participating in January with high drug costs early in the year

Month	Your drug costs (without this payment option)	Your monthly payment (with this payment option)	Notes
January	\$500	\$166.67	This is when you started participating in this payment option. Your first month's bill is based on the "maximum possible payment" calculation.*
February	\$500	\$75.76	
March	\$500	\$125.76	
April	\$500	\$181.31	This month you reached the annual out-of-pocket maximum (\$2,000 in 2025). You'll have no new out-of-pocket drug costs for the rest of the year.
May	\$0.00	\$181.31*	*You'll still get your \$500 drugs each month, but because you've reached the annual out-of-pocket maximum, you won't add any new out-of-pocket costs for the rest of the year. You'll continue to pay what you already owe.
June	\$0.00	\$181.31*	
July	\$0.00	\$181.31*	
August	\$0.00	\$181.31*	
September	\$0.00	\$181.31*	
October	\$0.00	\$181.31*	
November	\$0.00	\$181.31*	
December	\$0.00	\$181.31*	
Total	\$2,000.000	\$2,000.000	You'll pay the same total amount for the year, even if you don't use this payment option.

If you're concerned about paying \$500 each month from January to April, this payment option will help you manage your costs. If you prefer to pay \$500 each month for 4 months and then pay \$0 for the rest of the year, this payment option might not be right for you.

*We calculate your first month's bill in the Medicare Prescription Payment Plan differently than your bill for the rest of the months in the year.
 First, we figure out your "maximum possible payment" for the first month: [annual out-of-pocket- maximum] - [your out-of-pocket costs before using this payment option] = [total remaining out of pocket]/[remaining months in the year]

Example 2: Start participating in January with consistent costs throughout the year

Month	Your drug costs (without this payment option)	Your monthly payment (with this payment option)	Notes
January	\$80.00	\$80.00	This is when you started using this payment option. Remember, your first month's bill is based on the "maximum possible payment" calculation.*
February	\$80.00	\$7.27	
March	\$80.00	\$15.27	
April	\$80.00	\$24.16	
May	\$80.00	\$34.16	
June	\$80.00	\$45.59	
July	\$80.00	\$58.93	
August	\$80.00	\$74.92	
September	\$80.00	\$94.93	
October	\$80.00	\$121.59	
November	\$80.00	\$161.59	
December	\$80.00	\$241.59	
Total	\$960.00	\$960.00	You'll pay the same total amount for the year, even if you don't use this payment option.

Depending on your specific circumstances, you might not benefit from using this payment option due to the higher payments that start in September.

*We calculate your first month's bill in the Medicare Prescription Payment Plan differently than your bill for the rest of the months in the year.
 First, we figure out your "maximum possible payment" for the first month: [annual out-of-pocket- maximum] - [your out-of-pocket costs before using this payment option] = [total remaining out of pocket]/[remaining months in the year]

Example 3: Start participating in April with varying costs throughout the year

Month	Your drug costs (without this payment option)	Your monthly payment (with this payment option)	Notes
January	\$4.00	\$4.00*	*You made these payments directly to the pharmacy before you started participating in the Medicare Prescription Payment Plan.
February	\$4.00	\$4.00*	
March	\$4.00	\$4.00*	
April	\$617.00	\$220.89	This is when you started using this payment option. Remember, your first month's bill is based on the "maximum possible payment" calculation.*
May	\$4.00	\$50.01	
June	\$4.00	\$50.59	
July	\$124.00	\$71.25	This month, you need a drug that's \$120, in addition to your \$4 drug. Following the same formula we used in May, your payments increase because you're adding drug costs during the year, but you have fewer months left in the year to spread your payments across.
August	\$4.00	\$72.05	
September	\$4.00	\$73.05	
October	\$124.00	\$114.39	This month, you need a drug that's \$120, in addition to your \$4 drug. Following the same formula we used in May, your payments increase because you're adding drug costs during the year, but you have fewer months left in the year to spread your payments across.
November	\$4.00	\$116.39	
December	\$4.00	\$120.38	
Total	\$901.00	\$901.00	You'll pay the same total amount for the year, even if you don't use this payment option.

If you're concerned about paying \$617 in April, this payment option will help you spread your costs across monthly payments that vary throughout the year. If you're concerned about higher payments later in the year, this payment option might not be right for you.

*We calculate your first month's bill in the Medicare Prescription Payment Plan differently than your bill for the rest of the months in the year.

First, we figure out your "maximum possible payment" for the first month: [annual out-of-pocket- maximum] - [your out-of-pocket costs before using this payment option] = [total remaining out of pocket]/[remaining months in the year]