



CY 2026 Updates to Medicare Part D

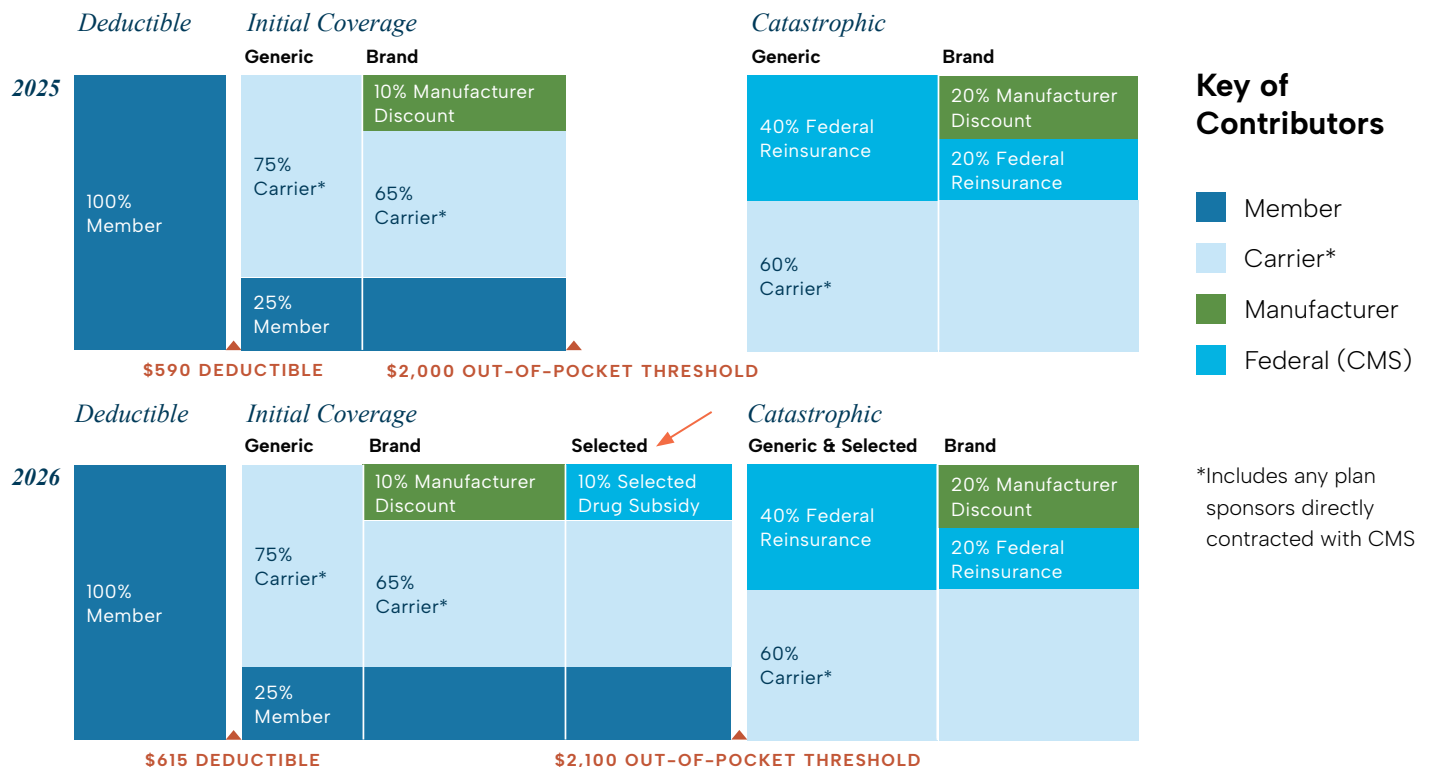
The Centers for Medicare & Medicaid Services (CMS) released the Final Calendar Year (CY) 2026 Final Part D Redesign Program Instructions on April 7, 2025. The primary purpose of the CY 2026 Program Instructions is to provide guidance on the changes from the Inflation Reduction Act of 2022 (IRA) to the Part D drug benefit.

Overview of Changes Effective 2026

- The annual deductible will be \$615 (an increase from \$590 in 2025)
- The Annual out-of-pocket (OOP) costs will be capped at \$2,100 in 2026 (the 2025 OOP cap of \$2,000 indexed for inflation)
- The selected drug subsidy program will be established; in the Initial Coverage phase, Part D sponsors will receive a government subsidy for selected drugs equal to 10% of the drug's negotiated price until the \$2,100 OOP threshold is met
- In the Catastrophic phase, CMS reinsurance will cover 40% of the costs for selected drugs during a price applicability period

Part D Contributions Year-to-Year Comparison

In 2026, financial contributions of members, health plan sponsors, drug manufacturers, and CMS to the Part D benefit will change, specifically to account for the start of negotiated prices taking effect.



The 2026 Selected Drug Subsidy

Under the selected drug subsidy program, Part D sponsors will receive a government subsidy for selected drugs equal to 10% of the drug's negotiated price in the Initial Coverage phase. The selected drug subsidy lowers a Part D plan sponsor's financial contribution on the negotiated price of the selected drug.

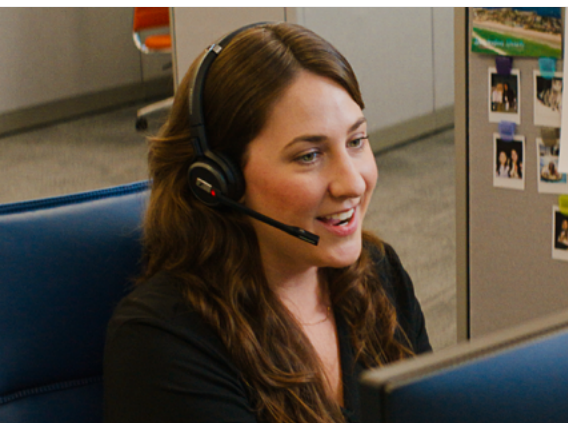
A "selected" drug is a drug for which the Medicare Drug Price Negotiation Program negotiates a Maximum Fair Price (MFP). CMS clarified that the selected drug subsidy applies when the plan's negotiated price is lower than the Maximum Fair Price (MFP).

Effective 1/1/26, the ten drugs that CMS selected for the Medicare Drug Price Negotiation Program are:

1. Eliquis: Prevention and treatment of blood clots
2. Jardiance: Diabetes; Heart failure
3. Xarelto: Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease
4. Januvia: Diabetes
5. Farxiga: Diabetes; Heart failure; Chronic kidney disease
6. Entresto: Heart failure
7. Enbrel: Rheumatoid arthritis; Psoriasis; Psoriatic arthritis
8. Imbruvica: Blood cancers
9. Stelara: Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis
10. Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill: Diabetes

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LaborFirst

 856.780.6218

 sales@LaborFirst.com

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