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### **CMS releases 2023 Medicare Part D benefit parameters**

The Centers for Medicare & Medicaid Services has released the 2023 Medicare Part D standard benefit parameters and the cost thresholds and limits for qualified retiree prescription drug plans. Increases in the standard benefit parameters range from approximately 5.0% to 5.2%. Plan sponsors that want to confirm their prescription drug coverage is creditable or want to remain qualified for the employer retiree drug subsidy will have to determine if their 2023 prescription drug coverage is at least actuarially equivalent to the standard Medicare Part D coverage.

#### **Background**

Annually, the Centers for Medicare & Medicaid Services (CMS) revises the parameters for the standard Medicare Part D drug benefit to account for increased prescription drug costs. Most Part D benefit parameters are updated using the annual percentage increase in average expenditures for Part D drugs per beneficiary. Certain parameters related to the low-income program are adjusted based on the annual percentage increase in the Consumer Price Index.

#### **CMS announcement**

On April 4, CMS issued an [announcement](#) providing the parameters and thresholds for 2023 as well as a [fact sheet](#) that summarises the announcement.

#### **Medicare Part D parameters**

The below 2023 parameters were calculated using the annual percentage increase method. Increases range from 5.0% to 5.2%.

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	2023	2022	Change
Deductible	\$505.00	\$480.00	+ 5.2%
Initial coverage limit	\$4,660.00	\$4,430.00	+ 5.2%
Out-of-pocket threshold	\$7,400.00	\$7,050.00	+ 5.0%
Minimum copay (catastrophic portion of benefit)			
• Generic/preferred multisource drug	\$4.15	\$3.95	+ 5.1%
• All other drugs	\$10.35	\$9.85	+ 5.1%

### Retiree drug subsidy (RDS) amounts

The cost threshold and cost limit for the RDS program will also increase in 2023 as noted below.

	2023	2022	Change
RDS cost threshold	\$505.00	\$480.00	+ 5.2%
RDS cost limit	\$10,350.00	\$9,850.00	+ 5.1%

For 2023, plan sponsors eligible for the RDS will receive 28% of Part D prescription drug expenses between \$505 and \$10,350. Thus, the maximum potential subsidy per covered retiree will increase from \$2,624 in 2022 to \$2,757 for 2023.

### Effects of new parameters

Plan sponsors that want to confirm their prescription drug plan provides creditable coverage, or want to remain qualified for the employer retiree drug subsidy, will have to determine if their 2023 prescription drug coverage is at least actuarially equivalent to the 2023 standard Medicare Part D coverage. Those with retiree coverage should also consider whether to move Medicare retirees into an employer group waiver plan (EGWP). Plan sponsors that provide coverage directly or indirectly through an EGWP or Part D plan may want to evaluate the impact of the new parameters and provisions on their plans.

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