



**HealthView**  
SERVICES

# MEDICARE PART D PREMIUMS: NATIONAL COST DATA REPORT

DECEMBER 2023

WHITE PAPER

# Introduction

Medicare Part D standalone prescription drug plans (PDPs) provide coverage for more than 22 million Americans aged 65-plus. Unlike Medicare Parts A and B (collectively known as Basic Medicare), Part D is not provided by the federal government, rather, private insurance companies offer plans that meet standards set forth by the Centers for Medicare & Medicaid Services (CMS). Costs vary not only depending on state and level of coverage in a plan, but by carrier as well.

Our [interim data report](#) covering 2024 Part D premium increases for the five states with the largest over 65 populations revealed an average 43% increase in actual high-end Part D premiums for 2024. This research evaluated plans offered by three large carriers in 2023 and 2024 – Aetna, Cigna and Humana.

In December, we completed the process of reviewing actual Part D premium increases across the 50 states and the District of Columbia for the same carriers. To maintain a consistent analysis, two providers are not included: Blue Cross Blue Shield (because – according to Anthem Blue Cross Blue Shield’s website – no Part D Plans are available in New York in 2024) and United Healthcare (because some of their plans will change in 2024, so a year-to-year pricing comparison is not possible).

Nationwide, Medicare recipients will pay an average of 35% more in 2024 for prescription drug coverage compared to 2023. For high-end coverage, Part D cost increases range from 16% in Oklahoma to 53% in New York. The data show Part D premiums rising across the country in advance of the implementation of Inflation Reduction Act provisions designed to lower out-of-pocket drug costs for retirees.

The more than one-third increase in Part D premiums reflects like-for-like plans across the country. Data from Kaiser Family Foundation (KFF) – which show national premiums increasing by more than 20% – include a broader range of carriers and may involve plans that have changed their terms of coverage<sup>1</sup>.

The actual increase in costs for clients will vary considerably by state and plan selection.



## 2024 Medicare Part D National & State Premiums

For high-end Part D plans, subscribers can expect 33% higher costs in 2024. Premium increases are even greater for mid-level plans (37%) and low-end plans (41%).

**Tables A1-A3:** 2023 to 2024 Cost Inflation – National Average by Level of Coverage

		2023	2024	\$ Difference	% Difference
<b>High-End Plans</b>	Provider A	\$908.42	\$1,233.22	\$324.80	37%
	Provider B	\$725.72	\$989.51	\$263.79	37%
	Provider C	\$991.22	\$1,271.53	\$280.31	28%
	<b>Average</b>	<b>\$875.12</b>	<b>\$1,164.75</b>	<b>\$289.63</b>	<b>33%</b>

		2023	2024	\$ Difference	% Difference
<b>Mid-Level Plans</b>	Provider A	\$413.04	\$548.80	\$135.76	34%
	Provider B	\$404.24	\$592.89	\$188.66	48%
	Provider C	\$460.31	\$610.85	\$150.54	34%
	<b>Average</b>	<b>\$425.86</b>	<b>\$584.18</b>	<b>\$158.32</b>	<b>37%</b>

		2023	2024	\$ Difference	% Difference
<b>Low-End Plans</b>	Provider A	\$69.06	\$126.89	\$57.84	82%
	Provider B	\$150.61	\$222.28	\$71.67	48%
	Provider C	\$390.66	\$508.92	\$118.26	30%
	<b>Average</b>	<b>\$203.44</b>	<b>\$286.03</b>	<b>\$82.59</b>	<b>41%</b>




National average premiums are slightly lower than for the states we focused on in our Interim Report – California, Florida, Texas, New York and Pennsylvania – all of which have a higher cost of living relative to national averages. In averaging the cost growth across high, medium and low coverage options, New York's jump of 59.7% is the greatest increase at a state level. In Washington and Oregon\* – which will see the lowest increase in Part D premiums – costs will rise by 18.1%, still more than five times higher than the 2024 Social Security COLA of 3.2%.

*\*Washington and Oregon are part of the same CMS PDP Region, and thus have identical pricing.*

Since high-end plans are commonly selected by more affluent clients with an advisor, the following tables will focus on this category (data is available for other levels of coverage).



The states with the largest cost increases for high-end plans are New York, California, Idaho, and four states which are all part of the same CMS PDP Region (and thus, all have the same prices): Connecticut, Massachusetts, Rhode Island, and Vermont.

**Table B1:** 2023 to 2024 Cost Inflation – States with High Medicare Part D premium increases for three leading providers

	2023	2024	\$ Difference	% Difference	
 NY	Provider A	\$814.80	\$1,444.80	\$630.00	77%
	Provider B	\$906.00	\$1,339.20	\$433.20	48%
	Provider C	\$1,156.80	\$1,624.80	\$468.00	40%
	Average	<b>\$959.20</b>	<b>\$1,469.60</b>	<b>\$510.40</b>	<b>53%</b>
 CA	2023	2024	\$ Difference	% Difference	
	Provider A	\$829.20	\$1,392.00	\$562.80	68%
	Provider B	\$812.40	\$1,270.80	\$458.40	56%
	Provider C	\$1,124.40	\$1,550.40	\$426.00	38%
Average	<b>\$922.00</b>	<b>\$1,404.40</b>	<b>\$482.40</b>	<b>52%</b>	
 ID	2023	2024	\$ Difference	% Difference	
	Provider A	\$834.00	\$1,236.00	\$402.00	48%
	Provider B	\$812.40	\$1,270.80	\$458.40	56%
	Provider C	\$980.40	\$1,232.40	\$252.00	26%
Average	<b>\$875.60</b>	<b>\$1,246.40</b>	<b>\$370.80</b>	<b>42%</b>	
 CT, MA, RI, VT	2023	2024	\$ Difference	% Difference	
	Provider A	\$872.40	\$1,326.00	\$453.60	52%
	Provider B	\$752.40	\$1,087.20	\$334.80	44%
	Provider C	\$991.20	\$1,300.80	\$309.60	31%
Average	<b>\$872.00</b>	<b>\$1,238.00</b>	<b>\$366.00</b>	<b>42%</b>	





States in the middle-of-the-pack in terms of cost increases for high-end plans (including Pennsylvania and West Virginia in the same PDP region) will still see close to \$300 in extra expenses for Part D coverage in 2024.

**Table B2:** 2023 to 2024 Cost Inflation – States with Moderate Medicare Part D premium increases for three leading providers

	2023	2024	\$ Difference	% Difference	
 PA & WV	Provider A	\$933.60	\$1,195.20	\$261.60	28%
	Provider B	\$693.60	\$1,092.00	\$398.40	57%
	Provider C	\$1,060.80	\$1,280.40	\$219.60	21%
	Average	<b>\$896.00</b>	<b>\$1,189.20</b>	<b>\$293.20</b>	<b>33%</b>
 UT	2023	2024	\$ Difference	% Difference	
	Provider A	\$834.00	\$1,236.00	\$402.00	48%
	Provider B	\$756.00	\$937.20	\$181.20	24%
	Provider C	\$980.40	\$1,232.40	\$252.00	26%
Average	<b>\$856.80</b>	<b>\$1,135.20</b>	<b>\$278.40</b>	<b>32%</b>	
 OH	2023	2024	\$ Difference	% Difference	
	Provider A	\$883.20	\$1,213.20	\$330.00	37%
	Provider B	\$678.00	\$950.40	\$272.40	40%
	Provider C	\$1,059.60	\$1,305.60	\$246.00	23%
Average	<b>\$873.60</b>	<b>\$1,156.40</b>	<b>\$282.80</b>	<b>32%</b>	
 KY	2023	2024	\$ Difference	% Difference	
	Provider A	\$888.00	\$1,200.00	\$312.00	35%
	Provider B	\$740.40	\$914.40	\$174.00	24%
	Provider C	\$962.40	\$1,312.80	\$350.40	36%
Average	<b>\$863.60</b>	<b>\$1,142.40</b>	<b>\$278.80</b>	<b>32%</b>	

States with the smallest increases in 2024 will see most plans charging at least \$100 more for coverage.

**Table B3:** 2023 to 2024 Cost Inflation – States with Low Medicare Part D premium increases for three leading providers

		2023	2024	\$ Difference	% Difference
 MN	Provider A	\$988.80	\$1,111.20	\$122.40	12%
	Provider B	\$680.40	\$968.40	\$288.00	42%
	Provider C	\$904.80	\$1,142.40	\$237.60	26%
	Average	<b>\$858.00</b>	<b>\$1,074.00</b>	<b>\$216.00</b>	<b>25%</b>
 OR & WA	Provider A	\$882.00	\$1,072.80	\$190.80	22%
	Provider B	\$656.40	\$782.40	\$126.00	19%
	Provider C	\$975.60	\$1,257.60	\$282.00	29%
	Average	<b>\$838.00</b>	<b>\$1,037.60</b>	<b>\$199.60</b>	<b>24%</b>
 AZ	Provider A	\$1,063.20	\$1,345.20	\$282.00	27%
	Provider B	\$757.20	\$876.00	\$118.80	16%
	Provider C	\$973.20	\$1,237.20	\$264.00	27%
	Average	<b>\$931.20</b>	<b>\$1,152.80</b>	<b>\$221.60</b>	<b>24%</b>
 OK	Provider A	\$1,262.40	\$1,238.40	(\$24.00)	-2%
	Provider B	\$170.40	\$258.00	\$87.60	51%
	Provider C	\$874.80	\$1,189.20	\$314.40	36%
	Average	<b>\$769.20</b>	<b>\$895.20</b>	<b>\$126.00</b>	<b>16%</b>

## Inflation Reduction Act and Medicare Part D Premiums

The Inflation Reduction Act incorporates several provisions designed reduce the cost of out-of-pocket prescription drugs for retirees. These include a cap on the price of insulin implemented in 2023, negotiations on ten high-cost medications covered by Part D plans, and controls on drug price inflation.

One of the most significant changes is the decrease to the “catastrophic coverage” cap for out-of-pocket costs for covered medications from \$8,000 in 2024 (which was a 13.5% increase from 2023) down to \$2,000 in 2025, with around one-quarter of current Medicare Part D plan participants expected to benefit from this lower limit<sup>ii</sup>. With this change, the cost sharing methodology for expenses incurred above the catastrophic cap will result in the shifting of a greater portion of the burden to plan providers. Currently, 80% of costs above the cap are borne by the Federal Government through CMS, and 20% of the responsibility falls on Part D providers. In 2025, between 60% and 80% of expenses above the smaller \$2,000 cap will be covered by insurance companies.

HealthView Services, along with KFF and others, anticipated that Inflation Reduction Act provisions would lead to additional responsibility being shifted to drug plans, which now appears to be further shifted to consumers. Although the reduction in the cap on catastrophic costs will not take effect until 2025, we believe higher premiums this year, and potentially in 2025, reflect this significant change.

## Part D Base Premiums

The Inflation Reduction Act includes a provision which limits the maximum annual growth in the Part D Base Beneficiary Premium to 6%. However, this is not the amount that beneficiaries pay. The Part D Base Beneficiary Premium (\$34.70 in 2024) is used to determine penalties for late enrollment and income-based surcharged through Medicare's Income-Related Monthly Adjustment Amount (IRMAA) policy, but plan providers can charge more than that amount for coverage.

### Outlook for 2025

It is possible that Part D premiums may also rise significantly in 2025 with the implementation of Inflation Reduction Act provisions. If we were to see a two-year 33% per annum cost increase in higher-end plans – with a return to normalized inflation rates thereafter – Medicare Part D premiums would increase from 8.7% to 13.2% of lifetime healthcare spend for an average 65-year-old couple.

In 2025, some individuals who would normally exceed the \$2,000 cap on out-of-pocket costs may benefit from lower costs, but all retirees on Part D plans will face substantially higher premiums. And, although there is the potential for lower negotiated prices on some drugs, we believe the most likely scenario will be an overall moderation of the rate of increase in out-of-pocket costs.

## What Advisors & Clients Can Do

Medicare Part D premiums and associated out-of-pocket costs are just one component of the expenses retirees will need to plan for in retirement. These will include Medicare Part B, supplemental insurance, co-pays and other costs related to dental, hearing and vision. Since retirement healthcare costs are continuing to increase between 1.5 - 2 times consumer price inflation, these costs will be far higher at the end of retirement than at the beginning.

The sum of these expenses will be substantial for future retirees, but savings strategies that target in-retirement healthcare needs can be developed during working years. With personalized premium and out-of-pocket expense projections, tailored savings plans can ensure that income will be generated in retirement to meet healthcare needs.

In addition to saving pre-retirement to cover future expenses and having a decumulation strategy designed to match withdrawals against rising costs, retirees have choices when it comes to their coverage, including for Medicare Part D plan options. Recognizing that different Medicare Part D and Medicare Advantage plans have different costs and coverage, advisors can work with clients to help them choose plans that are aligned with medication needs through retirement. These are important decisions where advisors' expertise on the range of healthcare options can make a significant difference.

[i] <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/>

[ii] <https://www.barrons.com/articles/medicare-drug-costs-to-be-capped-at-2-000-a-year-in-inflation-reduction-act-51659879091>



## About HealthView Services

HealthView Services (HVS), founded by a team of financial professionals, healthcare industry executives, and physicians, is a leading provider of healthcare cost projection software. Our portfolio of retirement healthcare planning applications – which creates comprehensive and reliable cost projections for around 40 million users annually – is used by advisors, financial institutions, employees and consumers.

Drawing on actuarial and government data, as well as 530 million medical claims, HVS applications rely on a patented data process that utilizes simple user inputs (age, gender, health conditions, income, and state) to create personalized estimates of retirement healthcare costs.

HealthView Services' HealthPlanner Plus decumulation and retirement planning software provides a new option for advisors to manage portfolios that address annual healthcare spending and other expense needs.

The data also incorporates inflation projections for each component of retirement healthcare: Medicare premiums, supplemental insurance, and out-of-pocket spending. With more than a decade of use across the financial services industry, these solutions have proven to be a powerful driver of savings and retirement planning. HVS has numerous software applications which include healthcare cost projections, long-term care costs, Medicare premiums and surcharges, Social Security optimization, and more.



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