

Medicare AEP and Updates for Plan Year 2027: What to Expect

by CHRISTY DIEHL

Keeping up with Medicare updates can often feel like aiming at a moving target, and the upcoming 2027 plan year is proving to be no exception. Following the launch of the landmark Medicare GLP-1 Bridge Program on July 1, 2026, seniors have a powerful new tool to access affordable weight-loss medications. Yet, this historic expansion arrives alongside major headwinds, as the sudden termination of federal premium subsidies is set to trigger widespread plan restructuring, higher monthly premiums, and shrinking drug lists across the country. Understanding how these massive shifts impact your out-of-pocket costs is the key to protecting both your health and your wallet during this year's Annual Enrollment Period (AEP) which is October 15–December 7, 2026.

Medicare launched a new program called the Medicare GLP-1 Bridge Program, to help Medicare beneficiaries pay for certain GLP-1 weight loss medicines. The program covers Foundayo (tablet), Wegovy (injection or tablet) and Zepbound (KwikPen only). The cost of these drugs under the program is \$50 per month and has strict medical and physical criteria that will apply to qualify for the program. This program is not part of a Medicare Plan or Part D plan, and will expire December 31, 2027, for Medicare recipients who qualify. Under this program, these drugs are not eligible for the Medicare Prescription Payment Plan and costs do not count toward Medicare drug plan deductibles or yearly out-of-pocket limits. To qualify for the program, Medicare beneficiaries should review the requirements with their primary care physician.

CMS also announced it will end the temporary Medicare Part D Premium Stabilization Demonstration on December 31, 2026—a year early—forcing standalone prescription drug plans to return to normal market pricing for 2027. The Demonstration was a temporary cushion to suppress massive Part D premium increases following the implementation of the Inflation Reduction Act. Without the extra federal subsidy, carriers are forced to redesign benefits and reprice plans accordingly. An estimated 25 million standalone prescription drug plans may see larger monthly premiums and smaller drug formularies in 2027.

The Medicare Part D prescription drug plan out-of-pocket max cap will remain in effect despite changes to carrier subsidies, with an annual out-of-pocket max of \$2,400 for plan year 2027. In addition, CMS finalized the rule for retaining lower annual out-of-pocket max



caps and the elimination of the coverage gap (donut hole) a permanent feature of standard Part D coverage. The annual out-of-pocket max will continue to be indexed annually.

As carriers are thinning drug formularies and limiting enrollment, Medicare beneficiaries will be looking for alternative ways to pay for their prescription medications. Alternatives could include drug discount programs like CleverRx (cleverrx.com/mdis) or extra help from the National Council on Aging using Benefits Checkup at benefitscheckup.org. Note: Out-of-pocket costs for using discount programs not claimed toward the plan do not count toward the plan out-of-pocket max.

Medicare Advantage members also will be affected, as an estimated 3.4 million Medicare Advantage members will lose their plan due to service area reductions. Medicare plan sponsors are exiting high-cost markets across the country, leaving plan members scrambling during Medicare AEP.

It's more important than ever to have an agent help guide Medicare beneficiaries through Medicare AEP and the enrollment process. Call MDIS to talk with a licensed insurance agent for more information and assistance during this enrollment period.



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