

POLICY AND PROCEDURE	
Title: Medicare Prescription Payment Plan (M3P)	
Primary policy owner: Pharmacy	Policy #: PH52
Impacted/Secondary policy owner: Select the department(s) that are responsible for compliance with all, or a portion of the policy or procedure as outlined	
1) <input type="checkbox"/> All Departments 2) <input type="checkbox"/> Behavioral Health & Social Services (BH/SS) 3) <input checked="" type="checkbox"/> Benefits Administration (BA) 4) <input type="checkbox"/> Case Management (CM) 5) <input checked="" type="checkbox"/> Claims (CLMS) 6) <input type="checkbox"/> Community Marketplace & Member Engagement (MAR) 7) <input checked="" type="checkbox"/> Compliance (CMP/HPA) 8) <input type="checkbox"/> Configuration (CFG) 9) <input type="checkbox"/> Provider Contracting (CONT) 10) <input type="checkbox"/> Cultural & Linguistics (CL) 11) <input checked="" type="checkbox"/> Customer Service (CS)	12) <input type="checkbox"/> Facilities (FAC) 13) <input checked="" type="checkbox"/> Finance (FIN) 14) <input type="checkbox"/> Human Resources (HR) 15) <input checked="" type="checkbox"/> Information Technology / Core Systems (IT) 16) <input checked="" type="checkbox"/> Pharmacy (PH) 17) <input checked="" type="checkbox"/> Provider Networks (PRO) 18) <input type="checkbox"/> QI Health Equity (GRV/HE/HEQ/PHM/QM) 19) <input type="checkbox"/> Utilization Management (UM) 20) <input type="checkbox"/> Procurement (PRM) 21) <input type="checkbox"/> Administration (SAF/BC/EM) 22) <input type="checkbox"/> Medical Management (MM)
Product Type: <input type="checkbox"/> Medi-Cal <input checked="" type="checkbox"/> D-SNP	Supersedes Policy Number: NA

I. PURPOSE

To ensure Health Plan of San Joaquin and Mountain Valley Health Plan ("Health Plan") is in compliance with all contractual requirements, applicable federal and state laws, and regulations for responding, preventing, reviewing, and investigating all reported and identified non-

compliance. Health Plan Workforce and Delegates administer a Medicare Part D Prescription Payment Plan Process (M3P) in compliance with federal and state regulations and other program requirements.

II. POLICY

- A. Health Plan must offer all Medicare Part D enrollees the option to pay their Out-Of-Pocket (OOP) Part D drug costs through monthly payments over the course of the plan year instead of upfront payments at the pharmacy Point-of-Sale (POS) beginning January 1, 2026. The Program will be referred to in this policy as M3P.
- B. Health Plan must provide all Part D enrollees, prior to and during the plan year, with the option to opt into the Medicare Prescription Payment Plan to pay their OOP cost sharing in monthly amounts that are spread throughout the plan year according to a statutory formula.
- C. Program participants must be billed an amount that does not exceed the monthly cap applicable for that month. Such cap calculations are provided by Center for Medicare and Medicaid Services (CMS).
- D. Health Plan must have in place a mechanism to notify a pharmacy during the plan year when a Part D enrollee incurs OOP costs with respect to covered Part D drugs that make it likely the Part D enrollee may benefit from the program.
- E. Health Plan must post on its website, information on the Medicare Prescription Payment Plan per CMS guidelines and include election request mechanisms for Health Plan's enrollees, if they to choose to participate in M3P.
- F. Health Plan must provide annual CMS required reporting based on CMS latest's guidance.

III. PROCEDURE

- A. Health Plan has the following mechanisms available to Part D enrollees who wish to opt into the Medicare Prescription Payment Plan:
 - 1. An election request form as part of the Part D (or MA-PD) member ID card issuance when an individual enrolls.
 - 2. A paper option that can be mailed.

3. A toll-free telephone number that provides the individual with evidence the election request was received (e.g., a confirmation number).
4. A website application that provides the individual with evidence the election request was received (e.g., a confirmation number).
- B. Health Plan delegates the management of M3P to the Pharmacy Benefit Manager (PBM).
- C. The PBM receives the election requests and keep a record of the telephonic enrollment requests and a copy of the paper or online participation requests.
- D. Participants billing statement shall include all the elements listed by CMS including:
 1. Identify that the bill is for the Medicare Prescription Payment Plan and a description of the program.
 2. Effective date.
 3. Last payment received, date, amount of last payment and means of payment.
 4. Any carry-over balance or missed payment.
 5. Itemized OOP costs for prescription for the month being billed.
 6. The amount due for the month being billed.
 7. The remaining total OOP cost sharing balance.
 8. Next steps if payment is not made by the due date.
 9. Information on how to voluntarily opt out of the program and balance due, if participation is terminated.
 10. Information on the dispute process available if participant disputes their bill.
 11. Contact information for questions about the billing statement.
- E. The PBM does not bill participant more than the maximum monthly cap amount.
- F. If a participant chooses to opt-out of the program at any time during the plan year, the PBM continues to bill amounts owed under the program in monthly amounts not to exceed the maximum monthly cap amount. Participants may continue to pay monthly or have the option to pay the full outstanding amount.

- 1. Voluntary termination letter (including the Multi-Language Insert (MLI)) are sent to the participant upon completion of the termination of participation within 10 calendar days based on the CMS issued “Notice of Voluntary Removal” mode.
- G. The PBM mails participants, that fail to pay their monthly bill, a failure to pay notification within 15 calendar days of payment due date. The notification shall be based on CMS’ “Notice for Failure to Make Payments” model.
- H. After a 2-month grace period of nonpayment, the PBM sends a “Notice of Voluntary Removal” letter based on CMS’ model to notify participant of involuntary termination and terminates the member from the program.
- I. The PBM continues sending the appropriate bills to the member that was terminated from the program as long as there is a balance due. The members has the option of paying monthly or paying the full outstanding amount.
- J. The PBM reinstates an individual who has been terminated from the Medicare Prescription Payment Plan if the individual demonstrates good cause for failure to pay the program billed amount within the grace period and pays all overdue amounts billed.
- K. The PBM follows all CMS requirements regarding reporting of M3P data.

IV. ATTACHMENT(S)

- A. [Glossary of Terms Link](#)

V. REFERENCES

- A. Medicare Prescription Payment Plan (M3P): Final Part One Guidance
- B. Medicare Prescription Payment Plan (M3P): Final Part Two Guidance
- C. Medicare Communications and Marketing Guidelines (MCMG)
- D. State Medicaid Agency Contract (SMAC)
- E. Health Plan Contract with Centers for Medicare & Medicaid Services (CMS)

VI. REVISION HISTORY

Version*	Revision Summary	Date
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001		
002		
003		
004		
Initial Effective Date: 09/24/2025		
Published Date:09/29/2025		

VII. Committee Review and Approval To Be Completed by Compliance

Committee Name	Version	Date
Compliance Committee	001	09/24/2025
<ul style="list-style-type: none"> Privacy & Security Oversight Committee 		
<ul style="list-style-type: none"> Program Integrity Committee 		
<ul style="list-style-type: none"> Audits & Oversight Committee 		
<ul style="list-style-type: none"> Policy Review Committee 		
Quality Improvement Health Equity Committee (QIHEC)		
<ul style="list-style-type: none"> Quality Operations Committee 		
<ul style="list-style-type: none"> Grievance Committee 		

VIII. REGULATORY AGENCY APPROVALS

Department	Reviewer	Version	Date
Department of Healthcare Services (DHCS)			



Department of Managed Care (DMHC)			
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IX. Approval signature*

Signature	Name Title	Date
	PRC Chairperson	
	Policy Owner	
	Department Executive	
	Chief Executive Officer	

*Signatures are on file, will not be on the published copy