Abacus Business Consulting, Inc.
SIMPLIFYING INSURANCE INTO THE NEXT GENERATION

Here's what Medicare beneficiaries should expect in 2026—including cost changes, coverage updates, and policy shifts:

Cost Increases & Affordability

Part B Premiums & Social Security Impact

- Medicare Part B premiums are projected to jump 11.6%, rising from around $185 per month in 2025 to approximately $206.50 in 2026—the largest dollar increase since 2022.
- This increase risks eroding much of the 2.7% Social Security cost-of-living adjustment (COLA) slated for 2026, particularly hard on those with fixed incomes.

Part D Drug Cost Caps & Changes

- The annual out-of-pocket (OOP) cap for Part D prescriptions will rise to $2,100, up from $2,000 in 2025, with potential indexing for inflation.
- Medicare will apply zero cost-sharing for adult vaccines (e.g., flu, shingles, COVID-19)—a permanent feature.
- The insulin cost cap, currently $35/month, becomes even more flexible, offering deeper savings, potentially even annually assessed to benefit enrollees.
- Beneficiaries enrolled in the Medicare Prescription Payment Plan (MPPP) will now be automatically reenrolled each year unless they opt out.

Structural Updates & Plan Changes

Medicare Advantage (MA) Plans

- Payments to MA plans are increasing 5.06% on average for 2026, amounting to over $25 billion in additional funding.
- CMS has introduced guardrails around prior authorization and placed new limits on non-medical supplemental benefits (Special Supplemental Benefits for the Chronically Ill, SSBCI).

Original Medicare: WISeR Pilot

- Starting January 1, 2026, CMS will roll out the WISeR (Wasteful and Inappropriate Service Reduction) prior authorization pilot in six states—Arizona, New Jersey, Ohio, Oklahoma, Texas, and Washington.
    - Applies to services like neurostimulator implants, knee arthroscopies, and tissue substitutes—not hospital or emergency care.
    - AI tools may assist, but human reviewers make final decisions.

Prescription Drug Negotiation

- Under the Inflation Reduction Act (IRA), Medicare will start negotiating prices for 10 high-cost drugs in 2026, including:
    - Eliquis, Jardiance, Xarelto, Entresto, Januvia, Farxiga, Stelara, Enbrel, Imbruvica, and NovoLog/Fiasp.
    - The goal: reduce the cost burden on enrollees.

Policy Risks & Broader Impacts

- The “One Big Beautiful Bill Act” (OBBBA) has passed, and according to the PAYGO rule, its $2.3 trillion deficit impact could trigger approximately $500 billion in automatic Medicare cuts between 2027–2034 unless mitigated by Congress.

At a Glance: Key Changes for 2026

Area	What's Changing
Part B Premiums	+11.6% (~$206.50/month)
Part D OOP Cap	Raised to $2,100; possibly indexed
Insulin & Vaccines	Flexible insulin savings; zero cost-sharing for adult vaccines
Prescription Cost Plan	Annual automatic reenrollment
Drug Price Negotiation	10 high-cost Part D drugs negotiated for better pricing
MA Plan Payments	+5.06% funding; new utilization controls and SSBCI restrictions
Original Medicare (WISeR)	Prior authorization in 6 states for select services
Policy Risks	Future potential budget cuts under OBBBA PAYGO mechanisms

What Beneficiaries Should Do

1. Review Plan Options: With cost increases and coverage shifts, compare plans—especially during open enrollment starting October 15, 2025.
2. Understand New Protections: Take advantage of insulin caps and free vaccines—some benefits are now permanent.
3. Keep Tabs on WISeR: If you live in one of the six affected states, check whether your provider has new authorization requirements.
4. Watch Future Legislation: Be aware that broad budget changes could still affect Medicare services down the line.

Summary

In 2026, Medicare brings a mix of good and challenging updates:

- Higher costs (Part B premiums, drug caps)
- Enhanced protections for drug and vaccine affordability
- Structural changes in plan funding and authorization processes
- Potential for major cuts in the future amid shifting federal budgets

Staying informed and proactive—especially during open enrollment—will help you navigate these changes effectively.