

# Medicare Drug Costs Spike as Plans Quickly Shift to Co-Insurance

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*It's not just the price of eggs. Here's why your Medicare out-of-pocket prescription costs are high in 2025.*

**By Mary Helen Gillespie**

Out-of-pocket costs for commonly prescribed brand name medications have grown substantially for Medicare Part D beneficiaries as drug plans increasingly tie patient costs to list prices, according to [new research](#) from the [USC Schaeffer Center for Health Policy & Economics](#) published in [JAMA](#).

Medicare clients typically pay either a fixed dollar amount (known as a co-payment) or a percentage of a drug's list price (known as co-insurance), depending on their Part D plan. And that's what's causing more financial pain.

Simply put, the higher the list price, the higher the Part D out-of-pocket costs are depending on your Medicare prescription plan's policy.

The share of stand-alone Part D prescription drug plans using co-insurance for preferred branded drugs sharply increased from 9.9% in 2020 to 71.9% in 2024, researchers found. By comparison, fewer than 5% of drug plans offered through more comprehensive Medicare Advantage coverage used co-insurance for preferred branded drugs last year.

"For patients facing co-insurance (a percentage of the drug price), out-of-pocket burden increases when list prices increase, as they have for brand-name drugs over the last decade," JAMA reported.

Patients with co-payments, which are flat fees, are largely shielded from these dynamics, the study said.

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