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# Medicare Drug-Plan Subsidy to End After 2026, Putting Focus on USVI Premiums

## CMS will discontinue a temporary program that helped stabilize standalone Medicare drug-plan premiums after 2026, setting a $41.33 national base beneficiary premium for 2027 while final plan choices and actual costs for enrollees remain due in September.

Health / **Published On July 31, 2026 06:35 AM /**

Staff Consortium July 31, 2026

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A temporary federal program used to stabilize premiums for standalone Medicare prescription-drug plans will end after the 2026 plan year, leaving Virgin Islands beneficiaries to await the release of final 2027 plans and prices in September.

The Centers for Medicare and Medicaid Services announced Tuesday that it will discontinue the Medicare Part D Premium Stabilization Demonstration at the end of 2026. The program was introduced in 2025 to limit volatility and differences in premiums after changes to the Medicare prescription-drug benefit required by the Inflation Reduction Act.

The demonstration was designed for standalone Part D prescription-drug plans. It was not a permanent component of Medicare and did not establish the complete monthly premium paid by every beneficiary.

CMS said insurers now have enough experience with the redesigned Part D benefit to develop their 2027 bids without the temporary program. The agency said ending the demonstration will return the standalone prescription-drug market to traditional operating conditions beginning next year.

The decision does not establish what an individual Medicare beneficiary in the Virgin Islands will pay in 2027. Actual premiums will depend on the plans made available in the territory and the prices set for those plans.

CMS said it will release the finalized Medicare Advantage and Part D plan landscape in mid-to-late September after insurers complete their offerings. Final national average premiums and other plan information are also expected in September.

The agency separately announced that the national base beneficiary premium for Part D will be $41.33 in 2027.

That figure is a starting point used in a statutory formula to calculate plan-specific basic premiums. It should not be interpreted as the exact monthly premium that every Medicare Part D enrollee will pay. Actual amounts may be higher or lower depending on the plan and its benefit structure.

CMS also set the 2027 national average monthly bid amount at $296.05. The figure represents an enrollment-weighted average of bids submitted by Part D plans for the basic prescription-drug benefit and is used to calculate the government subsidy paid to plans. It is not the monthly premium charged directly to beneficiaries.

Separate from the temporary demonstration that is ending, the Inflation Reduction Act limits annual increases in the national base beneficiary premium. From 2024 through 2029, that base premium cannot increase by more than 6 percent in a single year.

The change places additional importance on the annual Medicare enrollment period, particularly for Virgin Islands seniors, family members and caregivers comparing drug coverage.

Medicare's annual open-enrollment period runs from October 15 through December 7. During that period, beneficiaries may join, drop or change a Medicare prescription-drug plan. Coverage selected during the period generally takes effect January 1 of the following year.

The Virgin Islands State Health Insurance Assistance Program advises beneficiaries to review their options annually because prescription-drug plans may change premiums, copayments, covered medications and formularies from one year to the next. Pharmacy participation and other coverage conditions may also differ by plan.

A lower monthly premium does not necessarily mean a plan will produce the lowest overall cost for a particular beneficiary. Enrollees may also need to compare deductibles, copayments, coinsurance, whether their medications are included in the plan's formulary and which pharmacies can be used.

VI SHIP, administered locally through the Office of the Lieutenant Governor and funded by CMS, provides free information and counseling to Medicare beneficiaries, family members and caregivers. Its services include assistance with Medicare prescription-drug coverage, Medigap insurance, billing and claims questions and referrals to other government or community programs.

Because the final 2027 offerings have not yet been released, it remains too early to determine how the end of the demonstration will affect a specific Part D plan available in the territory.

The clearer picture will come in September, when CMS publishes the final plan landscape and premiums. Beneficiaries will then have several weeks to examine the changes before Medicare open enrollment begins October 15.