

Inflation Reduction Act (IRA) Medicare Prescription Drug Reforms: Opportunities and Challenges for Syndemic Care Systems

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Prescription Drug Provisions in the IRA

- Requires the federal government to negotiate prices for some of the highest-spending drugs covered under Medicare
- Requires drug companies to pay rebates if prices rise faster than inflation for drugs used by Medicare beneficiaries
- Eliminates 5% coinsurance for catastrophic coverage in Medicare Part D in 2024, adds a \$2,000 cap on Part D out-of-pocket spending in 2025, and limits annual increases in Part D premiums for 2024-2030
- Limits monthly cost sharing for insulin products to \$35 for people with Medicare
- Expands eligibility for Medicare Part D Low-Income Subsidy full benefits
- Requires all Medicare prescription drug plans to offer enrollees “smoothed” out-of-pocket monthly payments (Medicare Prescription Payment Plan)
- Eliminates cost-sharing for adult vaccines covered under Medicare Part D and improves access to adult vaccines under Medicaid and CHIP

2023

Required drug companies to pay rebates if drug prices rise faster than inflation

Limited insulin copays to \$35/month in Part D

Reduces costs and improves coverage for adult vaccines in Medicare Part D, Medicaid & CHIP

2024

Eliminated 5% coinsurance for Part D catastrophic coverage

Expanded income eligibility for full benefits for Part D Low-Income Subsidies up to 150% FPL

2025

Adds \$2,000 out-of-pocket cap in Part D and other drug benefit changes

Medicare Prescription Payment Plan begins

2026

Implements negotiated prices for certain high-cost drugs:

10 Medicare Part D drugs

2027

15 Medicare Part D drugs

2028

15 Medicare Part B and Part D drugs

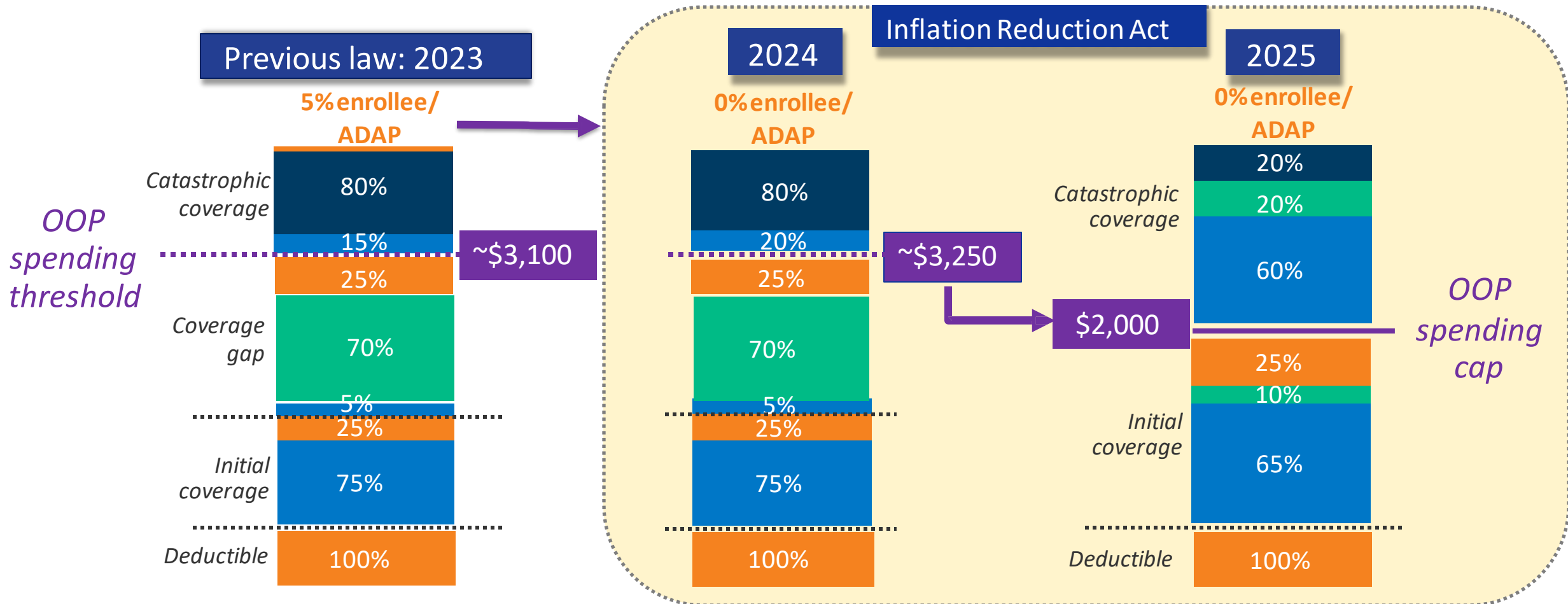
2029

20 Medicare Part B and Part D drugs

2024-2030: Limits Medicare Part D premium growth to no more than 6% per year

Share of **brand-name drug** costs paid by:

● Enrollees ● Part D Plans ● Drug manufacturers ● Medicare



Adapted from Kaiser Family Foundation

Part D Spending Cap and ADAP Rebates

- CY 2022 ADAP clients served enrolled in Medicare (non-Medicaid): **36,000 (15%)**
- CY 2022 Medicare Part D/Medicare Advantage standard benefit: **21,000 (9%)**
- Potential nationwide ADAP rebate loss associated with Part D spending cap: **~\$90 million/annually**
- Impact will vary from state-to-state

How is your program forecasting?

Medicare Prescription Payment Plan

	ADAP formulary drug payments	Non-ADAP formulary drug payments
January	Participant incurs \$700 cost, pays \$0 at POS, ADAP pays cost share at POS	Participant incurs \$600 cost, pays \$0 at POS and is billed \$166.67 through MPPP
February	Participant incurs \$250 cost, pays \$0 at POS, ADAP pays cost share at POS	Participant incurs \$200 cost, pays \$0 at POS and is billed \$57.57 from MPPP
March	Participant incurs \$250 cost, pays \$0 at POS, ADAP pays cost share at POS Participant hits \$2000 OOP Cap	Participant incurs \$0 because they have hit OOP cap cost, pays \$0 at POS and is billed \$57.57
April	\$0	\$57.57
May	\$0	\$57.57
June	\$0	\$57.57
July	\$0	\$57.57
August	\$0	\$57.57
September	\$0	\$57.57
October	\$0	\$57.57
November	\$0	\$57.57
December	\$0	\$57.57
TOTAL	\$1,200	\$800



Thank You!

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