

Implications of the Inflation Reduction Act on Medication Access and Affordability

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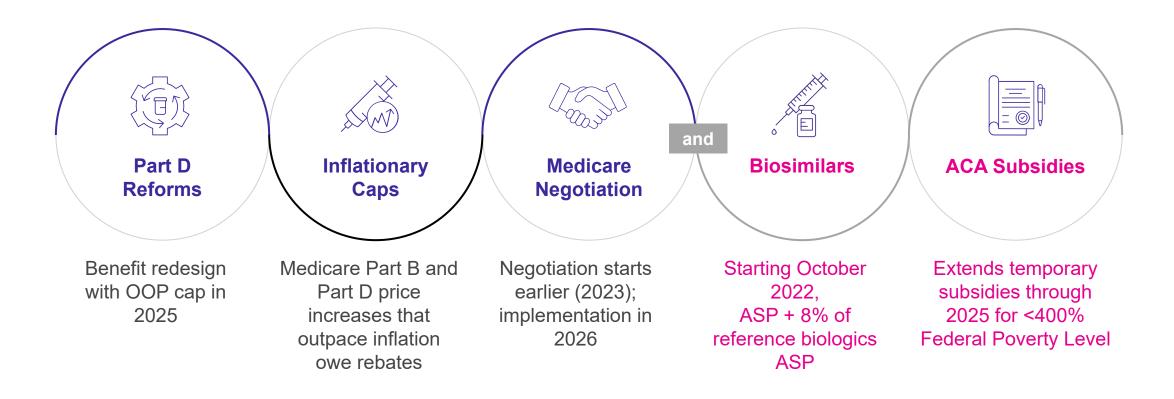
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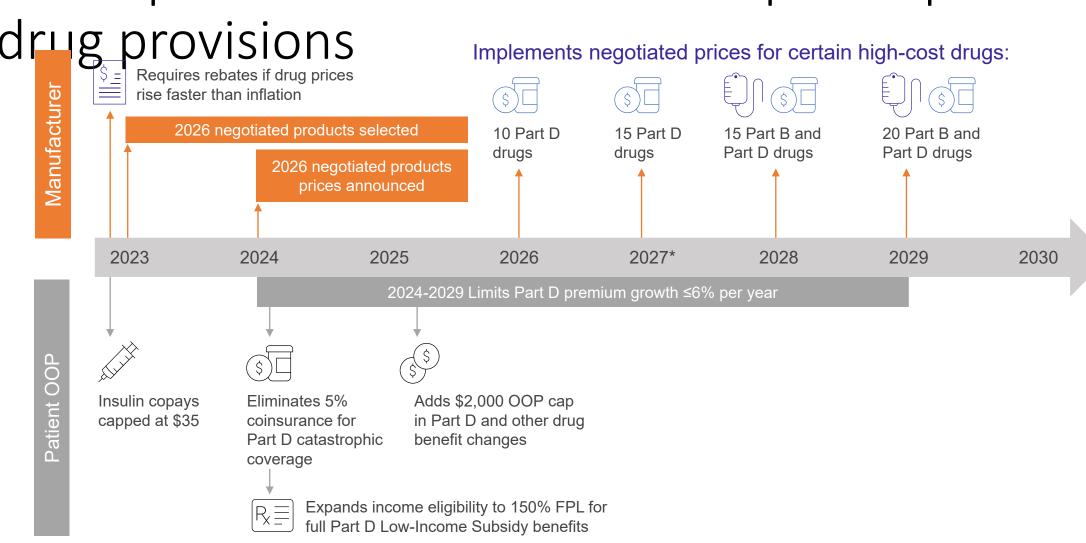




Core healthcare components of the Inflation Reduction Act (IRA)



IRA implementation timeline for prescription



Drug pricing measures may affect launch prices and future innovation

Inflation rebates



Part B:

Medicare sales x (ASP Inflation – CPI)

Part D:

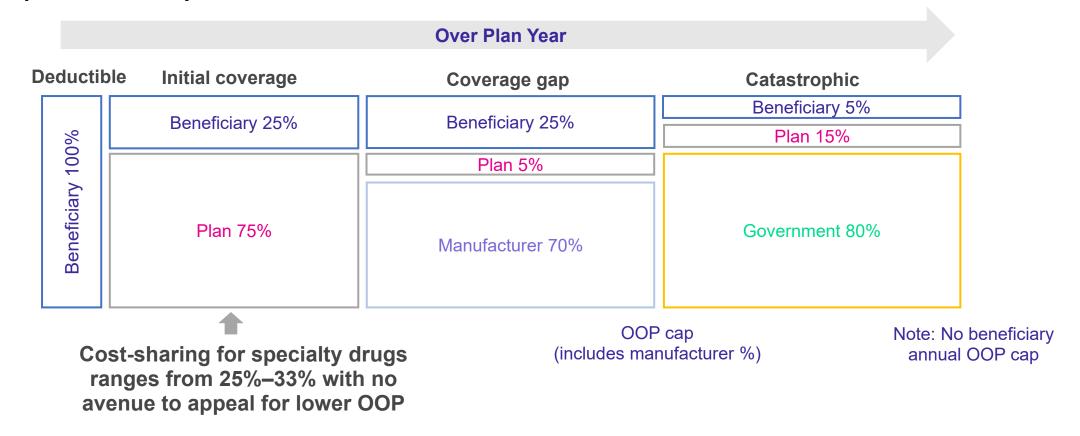
Medicare sales x (AMP Inflation – CPI)

Drug negotiation



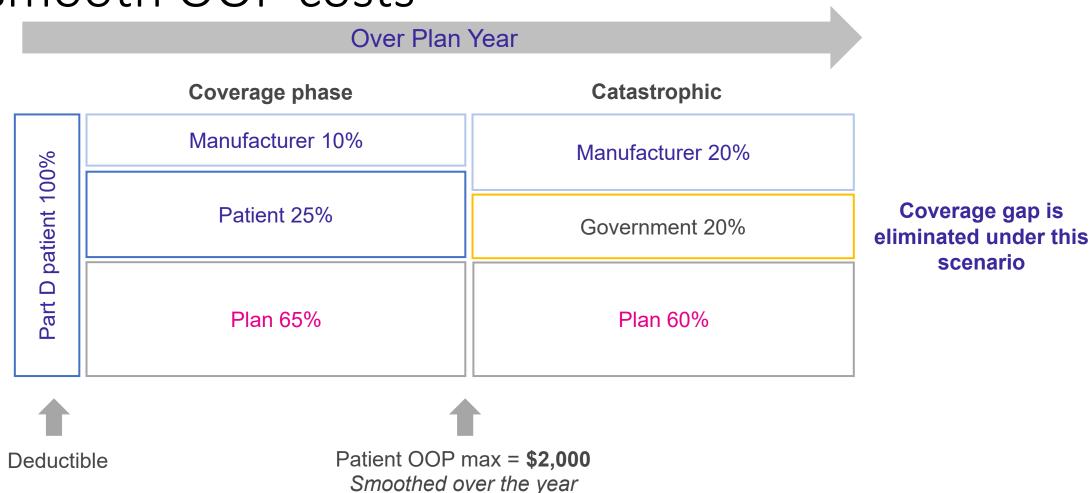
- Directs Medicare to negotiate for:
 - 10 Part D drugs in 2026
 - 15 Part D drugs in 2027
 - 15 Part D and Part B drugs in 2028
 - 20 Part D and Part B drugs in 2029+
- Applies to heavily utilized drugs, drugs outside of their initial exclusivity periods, biosimilar competition
- Negotiation process determines the new manufacturer fair price

Standard Medicare Part D beneficiaries currently face significant (OOP) costs for specialty medications...



5/18/2023 out of pocket.

...therefore, the Part D benefit redesign institutes a true OOP cap with a mechanism to smooth OOP costs



Other important Part D provisions address affordability Insulin copay caps Smoothing mechanism UUU 00000 Transition period for liability Low-income subsidy expansion

Identifying the consequences from IRA

Current law vs IRA by stakeholder^{a,b}

	\$400/Month drug		\$12,000/Month drug	
	Current law	IRA	Current law	IRA
Beneficiarie s	\$1,616	\$1,616	\$9,990	\$2,000
Part D plans	\$3,184	\$2,759	\$23,575	\$86,356
Manufactur ers		\$425	\$4,720	\$28,111
RA – Inflation Reduction Act; OOP – out of the state of t	of pocket. eters in 2022 Medicare Trustees	report.	\$105,715	\$27,533



Lower patient OOP costs



Significant increase in manufacturer and Part D plan liability for high-cost medications

Real-world example

	Plan paid	You paid	Other payments (made by programs or organizations; see Section 3)
Year-to-date totals 01/01/2022 through 12/31/2022			
Your year-to-date amount for "out-of-pocket costs" is \$15,596.07.	\$164,003.61 (year-to-date total)	\$11,482.65 (year-to-date total)	\$4,113.42 (year-to-date total)
Your year-to-date amount for "total drug costs" is \$179,599.68.			
For more about "out-of-pocket costs" and "total drug costs," see Section 3.			

5/18/2023

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