The Inflation Reduction Act of 2022: One Year Anniversary Highlights from ASPE Drug Pricing Reports

August 16, 2023

US DEPARTMENT OF HEALTH AND HUMAN SERVICES | OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION (ASPE)

Introduction

The Inflation Reduction Act of 2022 (IRA) was signed into law on August 16, 2022. This historic law includes several provisions that are expected to lower prescription drug costs and improve access to prescription drugs for the more than 65 million Americans enrolled in the Medicare program. The IRA also extends the enhanced Marketplace premium tax credits (PTCs) provided under the 2021 American Rescue Plan Act (ARPA) and improves access to adult vaccines under Medicaid and CHIP.

This report features key findings from the first year of implementing the IRA's Medicare related drug provisions. The Office of the Assistant Secretary for Planning and Evaluation (ASPE) in the Department of Health and Human Services (HHS) has developed a series of research reports on the impacts of the IRA in collaboration with the Centers for Medicare & Medicaid Services (CMS).

Highlights include:

IRA Caps Out-of-Pocket Costs for Insulin in Medicare:

Under the IRA, out-of-pocket costs for covered insulin products in Medicare are now capped at $35 for each monthly prescription under Part D, as of January 1, 2023, and Part B as of July 1, 2023. About 1.5 million Medicare beneficiaries who use insulin would have saved $734 million in Part D and $27 million in Part B out-of-pocket costs in 2020 if these caps had been in effect in 2020.

IRA Expands Access to Vaccines Without Cost-Sharing in Medicare:

Effective January 1, 2023, the IRA eliminated enrollee cost sharing for adult Medicare Part D vaccines recommended by the Advisory Committee on Immunization Practices (ACIP). In 2021, 3.4 million people received vaccines under Part D, and annual out-of-pocket costs were $234 million. This translates to nearly $70 in savings on out-of-pocket spending per Medicare enrollee receiving a Part D vaccine if the IRA had been in effect in 2021.

IRA Provisions Regarding Medicare Part B:

Over the 2008-2021 period, Medicare fee-for-service (FFS) Part B drug spending per enrollee grew on average at 9.2 percent annually. This spending growth was more than triple the rate in Part D (2.6 percent) and nearly 4 times as high as the rate of per capita annual prescription drug spending across all payers, both public and private (2.4 percent). The IRA includes several new provisions designed to improve access to biosimilars, reduce Medicare drug spending, and lower costs for Medicare enrollees. Due to the IRA, Medicare Part B beneficiaries have already enjoyed lower coinsurance for 20 drugs from April 1 to June 30 and for 43 drugs from July 1 to September 30.

IRA Medicare Part D Benefit Redesign and Out-of-Pocket Cap:

The Inflation Reduction Act's redesign of Medicare Part D, including a $2,000 out-of-pocket cap, is estimated to reduce enrollee out-of-pocket spending by about $7.4 billion annually among more than 18.7 million enrollees (36 percent of Part D enrollees) in 2025 – nearly $400 per person among enrollees who have savings in out-of-pocket costs under the IRA.

Table of Contents

IRA Implementation Timeline, 2022-2025

2022

Medicare Part B Qualifying Biosimilars Add-on Payment

As of October 1, 2022, Medicare implemented the temporary increase in the add-on fee of 8% to Medicare providers instead of 6% for qualifying biosimilars. This increase is in effect for 5 years and is designed to encourage competition, lower costs for prescription drugs, and improve patient access to biosimilars.

Medicare Part D Prescription Drug Inflation Rebates

October 1, 2022 began the first 12-month period for which drug manufacturers will be required to pay rebates to Medicare if their prices for certain Part D drugs increase faster than the rate of inflation over the 12-month period. CMS will invoice drug manufacturers for the Part D inflation rebates for the 12-month periods between October 1, 2022 and October 1, 2023, no later than December 31, 2025.

2023

Insulin Cost-Sharing in Medicare Part D, Medicare Advantage, and Medicare Part B

As of January 1, 2023, beneficiaries enrolled in a Medicare prescription drug plan no longer pay more than $35 for a month's supply of each insulin that is covered by their Medicare prescription drug plan and dispensed at a network pharmacy, including through a mail-order pharmacy. Also, Part D deductibles don't apply to the covered insulin product.

As of July 1, 2023, people who take insulin through a covered item of durable medical equipment (DME) (i.e., durable pump) will not pay more than $35 for a month's supply of insulin, and the deductible will not apply to the insulin. This will apply to people using pumps covered through the DME benefit under Part B and Medicare Advantage plans.

Vaccine Cost-Sharing in Medicare Part D

As of January 1, 2023, adult Medicare Part D vaccines recommended by the Advisory Committee on Immunization Practices (ACIP), including the shingles vaccine, will be available to people with Medicare Part D at no cost to them.

Medicare Part B Prescription Drug Inflation Rebates

January 1, 2023 began the first quarter for which drug manufacturers will be required to pay rebates to Medicare if prices for certain Part B drugs increase faster than the rate of inflation. CMS will invoice drug manufacturers who owe Part B inflation rebates for quarters in 2023 and 2024 no later than September 30, 2025.

Coinsurance for Certain Part B Rebatable Drugs

Starting April 1, 2023, people with Traditional Medicare and Medicare Advantage may pay a lower coinsurance for some Part B drugs if the drug's price increased faster than the rate of inflation in a benchmark quarter. For these drugs, the beneficiary coinsurance will be 20% of the inflation-adjusted payment amount, which will be less than what the beneficiary would pay in coinsurance otherwise.

Drugs Selected for the Medicare Drug Price Negotiation Program

By September 1, 2023, CMS will announce up to 10 drugs covered under Medicare Part D selected for the first round of Medicare drug price negotiations. The first round of negotiations will occur during 2023 and 2024 and result in prices that will be effective beginning in 2026.

Expanded Coverage of ACIP-recommended Vaccines in Medicaid and CHIP

Beginning October 1, 2023, most adults with coverage from Medicaid and CHIP will be guaranteed coverage of vaccines recommended by the Advisory Committee on Immunization Practices (ACIP) at no cost to them.

2024

Medicare Part D Catastrophic Phase of the Prescription Drug Benefit and Premium Stabilization

Starting January 1, 2024, people with Medicare prescription drug coverage who reach the catastrophic phase of the prescription drug benefit won't have to pay any coinsurance or co-payments during that phase for covered Part D drugs.

Starting January 1, 2024, Part D base premiums will be stabilized and the base beneficiary premium across Part D plans will be limited to 6% over the previous year. This protection continues through 2029. The law also provides for a mechanism to stabilize plan premiums in 2030 and subsequent years.

Expansion of the Low-Income Subsidy Program (Extra Help)

Beginning January 1, 2024, eligible seniors and people with disabilities will benefit even more through the expansion of the Extra Help program. With the program's expansion, all enrollees will benefit from no deductible, no premium, and fixed lower copayments for certain medications.

Limitation on Medicare Part B Payment for New Biosimilars

Starting July 1, 2024, the Part B payment limit for new biosimilars when average sales price data is not available will not exceed the payment limit of its reference biological.

Medicare Drug Price Negotiation Program

By September 1, 2024, CMS will publish the maximum fair prices negotiated for those Medicare Part D drugs selected for negotiation. Maximum fair prices for these drugs will go into effect in 2026.

2025

Out-of-pocket Limit in Medicare Part D

People with Medicare Part D won't pay more than $2,000 out-of-pocket for Part D prescription drugs and will have the option to pay out-of-pocket Part D costs in monthly amounts spread over the year.

Manufacturer Discount Program in Medicare Part D

The Manufacturer Discount Program in Medicare Part D will replace the Medicare Coverage Gap Discount Program. The new Manufacturer Discount Program will require manufacturer discounts for applicable drugs both in the initial coverage phase and in the catastrophic phase.

Government Reinsurance in Medicare Part D

Government reinsurance in the catastrophic phase of Part D will decrease from 80% to 20% for brand-name drugs, biologicals, and biosimilars and will decrease from 80% to 40% for generics.

Medicare Drug Price Negotiation Program

By February 1, 2025, CMS will select up to an additional 15 drugs covered under Medicare Part D for negotiation with negotiated maximum fair prices in effect for 2027.

By November 30, 2025, CMS will publish the negotiated maximum fair prices for up to those drugs selected for negotiation for 2027 for companies participating in the Negotiation Program. covered under Medicare Part D

Full Timeline is available here: https://www.cms.gov/files/document/10522-inflation-reduction-act-timeline.pdf

1

Insulin Affordability and the Inflation Reduction Act: Medicare Beneficiary Savings by State and Demographics

Publication Date January 24, 2023

Read the Publication

Under the Inflation Reduction Act, out-of-pocket costs for insulin in Medicare are now capped at $35 for each monthly prescription under Part D, as of January 1, 2023, with a similar cap taking effect in Part B and Medicare Advantage on July 1, 2023. Medicare beneficiaries who use insulin would have saved $734 million in Part D and $27 million in Part B if these caps had been in effect in 2020.

Key Points and Exhibits from the Issue Brief

- The Inflation Reduction Act (IRA) caps insulin out-of-pocket spending at $35 per month's supply of each insulin product covered under a Medicare Part D plan, with similar limits for out-of-pocket costs for insulin supplied under Part B. These provisions make insulin more affordable for people covered by Medicare.
- We examined out-of-pocket spending on insulin using 2019 survey data for individuals with Medicare, Medicaid, or private insurance, and for those without health coverage. We then estimated the potential effects of the IRA's insulin cap provisions on out-of-pocket spending for insulin among Medicare beneficiaries using 2020 Medicare claims data.
- Nationally, the average out-of-pocket cost was $58 per insulin fill in 2019, typically for a 30-day supply. The average cost per fill among people who were uninsured for the entire year was $123, more than double the national average. Patients with private insurance or Medicare paid about $63 per fill on average.
- In 2020, about 37 percent of insulin fills for Medicare enrollees (Part B and Part D) required cost-sharing exceeding $35 per fill, including 24 percent that exceeded $70 per fill. In 2019, about 36 percent of insulin fills for people without insurance and 35 percent for people with private insurance had cost sharing above $35 per fill. These estimates are only for enrollees who filled an insulin prescription and do not include potential costs for patients who did not fill their insulin due to cost or other reasons.
- We estimate that 1.5 million Medicare beneficiaries would have benefited from the new IRA insulin cost-sharing limits if they had been in effect in 2020, with savings to those beneficiaries of about $734 million in Part D and $27 million in Part B – or approximately $500 in average annual savings per person in 2020 among those benefiting from the provision.

Estimated Out-of-Pocket Savings If Inflation Reduction Act $35/month Out-of-Pocket Insulin Cap Had Been in Effect in 2020

Outcome	Part D			Part B	Total
	Non-LIS	LIS	Total	Total	(Combined Part B and D)
Total IRA Savings ($ millions)	$723.2	$10.8	$734.0	$27.2	$761.16
Number of Insulin Users with Savings	1,477,327	76,503	1,517,817	31,376	1,519,856
Average Savings per Insulin User with Savings ($)	$490	$141	$484	$866	$501

Source: ASPE analysis of CMS Medicare Part D 2020 Prescription Drug Event (PDE), Enrollment, and Part B data files.
LIS = Low-Income Subsidy

Read the Publication

2

Medicare Part D Enrollee Savings from Elimination of Vaccine Cost-Sharing

Publication Date: March 15, 2023

Read the Publication

Effective January 1, 2023, the Inflation Reduction Act (IRA) eliminated enrollee cost sharing for ACIP recommended adult vaccines covered under Medicare Part D. In 2021, 3.4 million people received vaccines under Part D, and annual out-of-pocket costs were $234 million. This translates to nearly $70 in out-of-pocket spending per Medicare enrollee receiving a Part D vaccine that they would not have had to pay if the IRA had been in effect in 2021.

Key Points and Exhibits from the Issue Brief

- As of January 1, 2023, the Inflation Reduction Act eliminated out-of-pocket costs for adult vaccines covered under Medicare Part D that are recommended by the Advisory Committee on Immunization Practices (ACIP). Currently, about 51 million Medicare beneficiaries are enrolled in a Part D plan.
- We examined vaccine use, total costs, and out-of-pocket spending for vaccines covered under Part D, including vaccines to prevent herpes zoster (shingles); tetanus and diphtheria (Td); tetanus, diphtheria, and pertussis (Tdap); hepatitis A; and hepatitis B.
- About 3.4 million (7 percent) of Medicare Part D enrollees received a Part D covered vaccine, paying a total of $234 million in out-of-pocket costs in 2021, or approximately $70 per beneficiary. The majority of enrollees who received a vaccine were immunized with the shingles vaccine (82 percent) with each patient paying an average of $77 in out-of-pocket costs, followed by the Tdap vaccine (21 percent) with each patient paying an average of $28 in out-of-pocket costs. There was variation around the average out-of-pocket costs with enrollees in the top 10 percent of costs paying $193 or higher for the shingles vaccine and $66 or higher for the Tdap vaccine.
- In addition, on average, enrollees paid $20 out-of-pocket for the Td vaccine, $34 for the hepatitis A vaccine, and $51 for the hepatitis B vaccine. There was variation around the average with enrollees in the top 10 percent of out-of-pocket costs paying $56 or higher for the Td vaccine, $97 or higher for the hepatitis A vaccine, and $139 or higher for the hepatitis B vaccine.
- Enrollees without the Part D low-income subsidy (LIS)* generally have the highest cost burden for prescription drugs, including for vaccines. Non-LIS enrollees paid on average $86 per enrollee in 2021 for Part D vaccines, driven largely by the shingles vaccine.
- If the new vaccine provisions had been in effect in 2021, all enrollee cost-sharing for ACIP recommended vaccines covered in Part D would have been $0, resulting in cost-sharing savings across a wide range of demographic groups, including 2.7 million White enrollees, 271,000 Black enrollees, 113,000 Asian enrollees, and 86,000 Latino enrollees. Improved affordability may also reduce existing racial and ethnic disparities in access to these vaccines.
- State-level estimates show that California ($20,000,000), Florida ($18,000,000), and Texas ($14,000,000) had the highest total beneficiary out-of-pocket costs for all Part D vaccines.

Total Vaccine Costs and Out-Of-Pocket Costs for Vaccines Covered Under Medicare Part D, 2021

Vaccines	Enrollees Receiving Vaccines (n)	Total Vaccine Costs ($)	Percent of Total Vaccine Costs	Average Total Vaccine Cost ($)	Total OOP Costs ($)	Percent of Total OOP Costs	Average OOP per Enrollee ($)
Shingles	2,744,025	$681,660,727	92.1%	$248.31	$211,224,136	90.1%	$76.94
Tdap	695,830	$43,926,342	5.9%	$63.13	$19,437,408	8.3%	$27.93
Td	48,714	$2,480,467	0.3%	$50.92	$986,221	0.4%	$20.25
Hepatitis A	20,455	$2,072,517	0.3%	$101.32	$697,594	0.3%	$34.10
Hepatitis B	21,629	$5,454,712	0.7%	$251.96	$1,108,099	0.5%	$51.18
Others	21,098	$4,860,914	0.7%	$230.29	$1,000,716	0.4%	$47.41
Received any vaccine*	3,364,518	$740,455,679	100%	$220.08	$234,454,174	100%	$69.68

Source: ASPE analysis of the CMS 2021 Medicare Prescription Drug Event (PDE) and Medicare enrollment data files.
Estimates are presented for enrollees who received any Part D covered vaccines.
For vaccines that require multiple doses to complete the vaccination series, cost estimates include all doses received in 2021.
*Enrollees are counted only once even if they received more than one vaccine.
OOP = Out-of-Pocket
Tdap = Tetanus
Td= Tetanus and Diphtheria

Read the Publication

3

Medicare Part B Drugs: Trends in Spending and Utilization, 2008-2021

Publication Date: June 9, 2023

Read the Publication

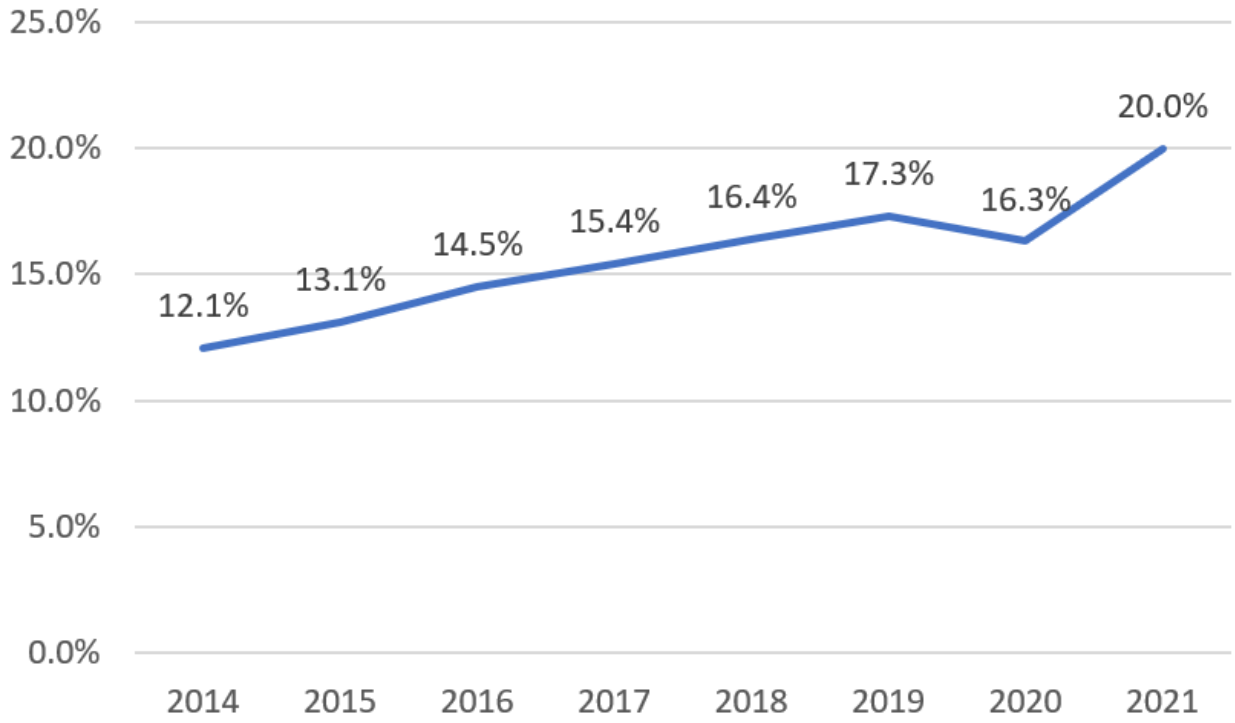
Over the 2008-2021 period, Medicare fee-for-service (FFS) Part B drug spending per enrollee grew on average at 9.2 percent annually. This spending growth was more than triple the rate in Part D (2.6 percent) and nearly 4 times as high as the rate of per capita annual prescription drug spending across all payers (2.4 percent). The Inflation Reduction Act (IRA) includes several new provisions designed to address the rapid rate of increase in Part B drug spending and lower costs for Medicare enrollees.

Key Points and Exhibits from the Issue Brief

- Medicare fee-for-service (FFS) Part B drug program spending in 2021 was $33 billion; that is about 27 percent of Medicare drug spending, 3.6 percent of total Medicare spending, and 6 percent of the nation's drug spending. Typically, Part B drugs are administered incident to a physician service; unlike Part D drugs, they are not purchased via retail (pharmacy counter) or mail order.
- Medicare Part B drug spending is concentrated among a small number of drugs: the top 20 drugs account for more than 50 percent of spending, while the top 10 account for 40 percent of Part B drug spending in 2021.
- Medicare spending on biologics has grown much more rapidly than spending on non-biologics over the past 13 years. From 2008 to 2021, spending growth on biologics accounted for nearly all (89 percent) of Medicare Part B drug spending growth. Biologics account for about 79 percent of Medicare FFS Part B prescription drug spending in 2021.
- Part B drug spending is shifting from physician offices to hospital outpatient departments: the share of Part B spending in hospital outpatient departments nearly doubled from 23 percent in 2008 to 41 percent in 2021, while the share of spending in physicians' offices declined from 63 percent to 53 percent.
- Medicare Part B drug spending is largely driven by three medical specialties: ophthalmology, oncology, and rheumatology. Drugs to treat cancer continued to account for the largest share of Part B drug program spending and accounted for over half of such spending in 2021.
- Among specific therapies, Part B spending on intravenous immuno-globulin (IVIG), and treatment for osteoporosis, rheumatoid arthritis, and cancer grew the most rapidly with an annual growth rate higher than 10 percent from 2008 to 2021.
- The IRA requires manufacturers to pay a rebate to Medicare for certain drugs if the increase in the price of certain Part B drugs exceeds the quarterly rate of inflation. This provision took effect for Part B on January 1, 2023, which is the first quarterly period for which manufacturers will be required to pay rebates for raising prices that outpace inflation on certain Part B drugs. CMS will send the first invoices to manufacturers for the 2023 and 2024 rebates no later than 2025.

- The President's new lower cost prescription drug law also authorizes Medicare to directly negotiate prices for selected drugs. Drug covered under Part B are eligible for selection for negotiation starting in 2026 for prices effective in 2028.
- These provisions will lower costs for beneficiaries and the Medicare program.

Part B FFS Drug Allowed Charges as a Percent of Part B FFS Spending, 2014-2021



Source: 2023 Medicare Trustees Report

Read the Publication

4

Medicare Part D Enrollee Out-of-Pocket Spending: Recent Trends and Projected Impacts of the Inflation Reduction Act

Publication Date July 7, 2023

Read the Publication

The IRA's redesign of Medicare Part D will reduce enrollee out-of-pocket spending by about $7.4 billion annually among more than 18.7 million enrollees (36 percent of Part D enrollees) in 2025 – nearly $400 per person among enrollees who have savings in out-of-pocket costs under the IRA.

Key Points and Exhibits from the Issue Brief

- The IRA will make key changes to improve drug affordability for seniors and people with disabilities who have Medicare.
- Prior to the IRA, enrollees who entered the Part D catastrophic coverage phase of the Part D benefit and did not receive the Low-Income Subsidy (LIS) paid the most in out-of-pocket costs for their prescriptions. About four percent of non-LIS Part D enrollees, or 1.5 million enrollees, reached the catastrophic coverage phase, paying about $3,093 on average in out-of-pocket costs for their Part D medications across all Part D payment phases.
- Out-of-pocket spending for Part D drugs was highest for enrollees with certain health conditions and who take certain types of medications. For example, the average out-of-pocket drug spending was highest for enrollees with cystic fibrosis ($9,522 per enrollee).
- Starting in 2025, the IRA will add an out-of-pocket cap in Medicare Part D, $2,000 in 2025 and indexed annually for inflation thereafter. The IRA also includes other provisions designed to decrease spending for Part D enrollees and taxpayers.
- Our analysis estimates the combined effect of several IRA provisions, including the $35/month cap on enrollee OOP costs for insulin, elimination of deductibles for covered insulin products and ACIP-recommended adult vaccines, expansion of Full LIS assistance to people who earn less than 150 percent of the federal poverty level, and reduction of enrollee coinsurance in the catastrophic coverage phase from five to zero percent. When these IRA provisions are all in effect, it will lead to about a $7.4 billion reduction in annual out-of-pocket spending for 18.7 million enrollees (LIS and non-LIS) in 2025.
- ASPE modeling projects that more than one in three (36 percent) or more than 18.7 million of LIS and non-LIS Medicare Part D enrollees will benefit under the IRA provisions in 2025, with their out-of-pocket costs expected to be reduced by about $400 per enrollee. Among this population, 8.4 million enrollees are non-LIS enrollees. They are expected to have an estimated $759 average reduction in out-of-pocket spending in 2025.
- Among the population of enrollees who are expected to save on out-of-pocket costs for Part D medications, there's a subset of enrollees who are projected to save at least $1,000. Our modeling estimates that nearly 1.9 million enrollees, which consists mostly of non-LIS enrollees, will save at least $1,000 under the IRA provisions; the average annual out-of-pocket savings for this population in 2025 is projected to be about $2,500 per enrollee, a 66 percent reduction.

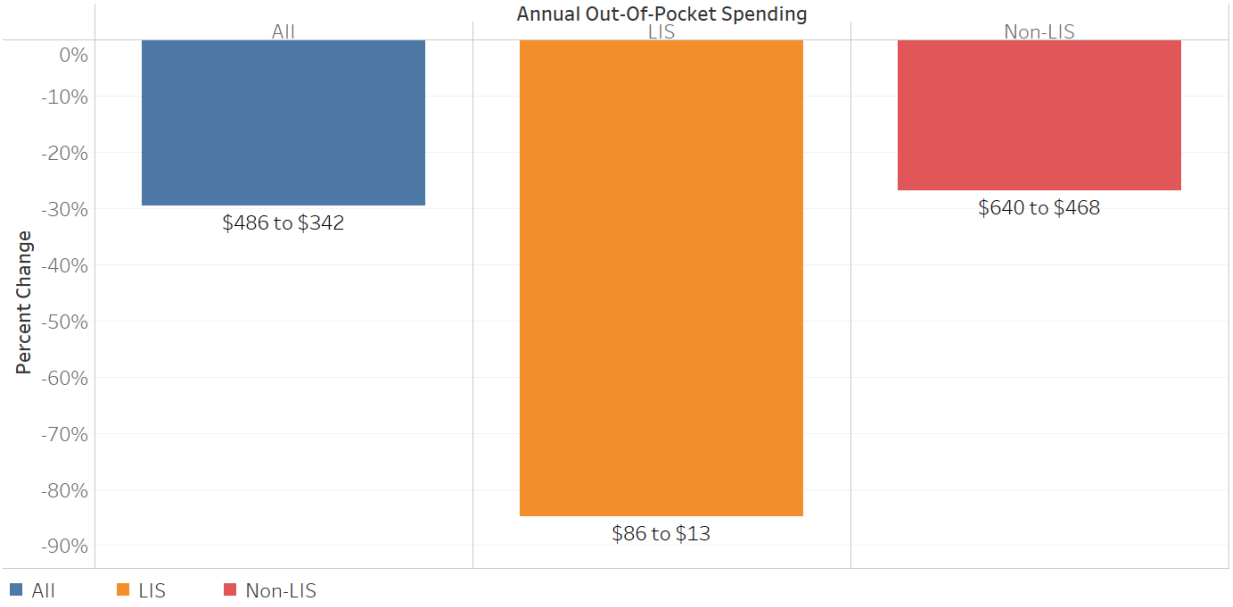
- Other features of the IRA not included in these estimates – including drug price negotiation and inflation rebates for drug price increases – are expected to produce additional savings for beneficiaries and taxpayers.

Table 1. IRA Part D Drug Related Provisions Included in the Simulation Model

Specification A: Provisions that are Modeled in combination and in effect in Calendar Year 2024	Specification B: Full set of Provisions Modeled that are in effect in Calendar Year 2025
• Enrollee cost sharing (i.e., out-of-pocket spending) is limited to $35 for a month's supply of each covered insulin product and deductibles for covered insulin products are eliminated • Enrollee cost sharing for ACIP-recommended adult vaccines is eliminated • Full LIS assistance is expanded to people with limited resources who earn less than 150 percent of the federal poverty level • Reduction of enrollee coinsurance in the catastrophic coverage phase from five to zero percent	• Enrollee cost sharing is limited to $35 for a month's supply of each covered insulin product and deductibles for covered insulin products are eliminated • Enrollee cost sharing for ACIP-recommended adult vaccines is eliminated • Full LIS assistance is expanded to people with limited resources who earn less than 150 percent of the federal poverty level • Reduction of enrollee coinsurance in the catastrophic coverage phase from five to zero percent
	• $2,000 maximum annual out-of-pocket cap for enrollees, beginning in 2025, and indexed to inflation thereafter • Elimination of the coverage gap phase and replacement of the coverage gap discount program with the Manufacturer Discount Program; the new Manufacturer Discount Program requires a 10 percent manufacturer discount on brand drugs in the initial coverage phase and 20 percent in the catastrophic coverage phase • Government reinsurance decreases in the catastrophic coverage phase – from 80 percent to 20 percent for brand-name drugs, biologicals, and biosimilars, and from 80 percent to 40 percent for generics

Notes: Estimates do not include non-IRA regulations that may impact drug spending (e.g., Part D regulations requiring that pharmacy price concessions be reflected at the point of sale beginning in January 2024). There will be changes to the Part D benefit between calendar years 2024 and 2025. For example, the accumulation of costs for TrOOP is different pre-IRA and in 2025, which is taken into account in our modeling.
ACIP = Advisory Committee on Immunization Practices

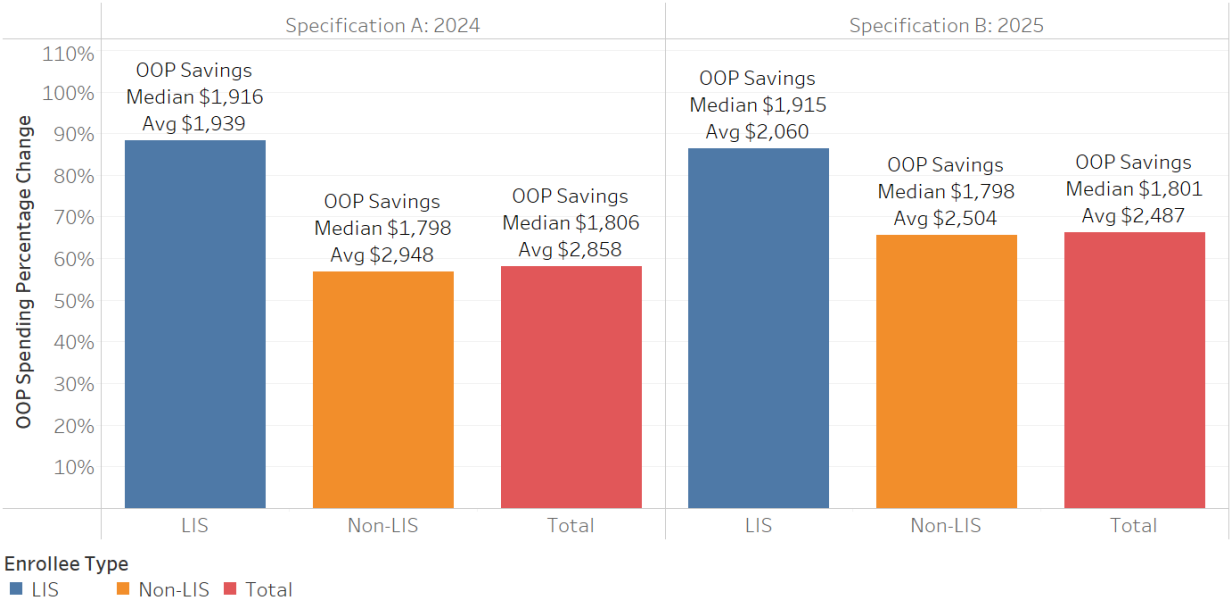
Projected Enrollee Average Annual Out-Of-Pocket Impact of 2025 Inflation Reduction Act Medicare Part D Redesign, by Low-income Subsidy (LIS) Status (2025 dollars)



Source: ASPE Part D Simulation Model

Notes: This figure presents modeling estimates for annual enrollee out-of-pocket drug spending under the IRA in 2025 dollars. Specification B includes all IRA drug-related provisions modeled in this study that are in effect in 2025as presented in Table 1. Estimates are based on a simulation of what would happen in 2025 without the IRA (baseline) and with the IRA (projected). The simulation model is based on a 10 percent random sample of PDE data in 2021.

Average Out-Of-Pocket Savings Among Enrollees with Projected Savings of $1,000 or More



Source: ASPE Part D Simulation Model
Notes: OOP=Out-Of-Pocket

Read the Publication

Summary and Conclusion

The Inflation Reduction Act makes several changes to Medicare, Medicaid, and CHIP that improve prescription drug affordability for millions of beneficiaries and reduce federal spending, strengthening the Medicare program for the future.

Under the IRA, Medicare enrollee out-of-pocket costs for insulin are now capped at $35 for each monthly prescription for each covered insulin and enrollee cost sharing is eliminated for ACIP recommended adult vaccines covered under Medicare Part D. The IRA's redesign of Medicare Part D will cap overall enrollee out-of-pocket spending. To address the rapid rate of increase in Medicare drug spending, the IRA requires drug manufacturers to pay a rebate to Medicare if they increase prices of certain Part B and Part D drugs at more than the rate of inflation. And, the prescription drug law provides Medicare, for the first time, with the ability to directly negotiate the prices of certain high expenditure, single source drugs.

In sum, these program changes will decrease prescription drug costs for Medicare enrollees and taxpayers while improving beneficiary access to prescription drugs and vaccines.

Report Links

https://www.cms.gov/files/document/10522-inflation-reduction-act-timeline.pdf

https://aspe.hhs.gov/sites/default/files/documents/bd5568fa0e8a59c2225b2e0b93d5ae5b/aspe-insulin-affordibility-datapoint.pdf

https://aspe.hhs.gov/sites/default/files/documents/329fd579ada6515d3be404f06821c361/aspe-ira-vaccine-part-d.pdf

https://aspe.hhs.gov/sites/default/files/documents/fb7f647e32d57ce4672320b61a0a1443/aspe-medicare-part-b-drug-pricing.pdf

https://aspe.hhs.gov/sites/default/files/documents/93a68f3c5ca949dcf331aa0ec24dd046/aspe-part-d-oop.pdf

Assistant Secretary for Planning and Evaluation
Room 415F
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201
+1 202.690.7858

aspe.hhs.gov