



HP-2023-28

—Inflation Reduction Act Research Series— Medicare Part B Inflation Rebates in 2023

In 2023, 47 drugs covered by Medicare Part B had adjusted coinsurance rates because their prices rose faster than inflation. Medicare enrollees who take these drugs may save as much as \$618 per dose. These drugs treat medical conditions such as cancer, heart conditions, and infections.

The Inflation Reduction Act (IRA) includes provisions to increase accessibility and affordability of prescription drugs for 65 million Medicare enrollees, reduce the rate of growth in Medicare drug spending, and improve the financial sustainability of the Medicare program. These IRA provisions include a rebate on certain Part B and D drug prices if prices rise faster than inflation. This fact sheet focuses on the Medicare Part B^{*}inflation rebate and the 47 drugs that meet the law's criteria in 2023.[†] The law establishes Medicare Part B prescription drug inflation rebates for certain single-source drugs with prices increasing faster than the rate of inflation, and provides for lower Part B enrollee cost sharing on these drugs and biologicals through an adjusted coinsurance rate. Coinsurance is the share of medical costs owed by enrollees after they have reached their deductible. In Part B, Medicare enrollees generally owe coinsurance on their Part B drug costs equal to 20% the price of the drug. Under the Part B inflation rebate provision, if drug prices increase faster than inflation, that coinsurance rate is reduced so that enrollees are not obligated to pay more than what they would have if prices increased at the rate of inflation.

Over the course of 2023, 47 drugs had adjusted coinsurance rates based on inflation-adjusted payment amounts for one or more quarters of the year. The following table shows the drugs and the quarters for which they are subject to adjusted coinsurance rates based on inflation-adjusted payment amounts. The table has an illustrative, but not exhaustive, list of the medical conditions that the drugs treat.

Medicare enrollees who use these drugs may pay a reduced amount for their coinsurance during the specific quarter where these drugs meet the criteria to be on the list, which may lead to reduced out of pocket costs. According to CMS, for a given quarter, Medicare enrollees may experience coinsurance amounts that are as

^{*} Medicare Part B covers outpatient prescription drugs and biologicals under certain conditions, for example, drugs provided as part of (or incident to) a physicians' service, and drugs furnished for use with covered durable medical equipment. Medicare Part D generally covers self-administered outpatient prescription drugs dispensed from retail or mail order pharmacies.

⁺ "Part B rebatable drug" is defined in the law as a single source drug or biological product, including certain biosimilar biological products. These products tend to be injectable and infused drugs or biologicals administered by a physician in a doctor's office or hospital outpatient setting. The law excludes certain drugs from the definition of Part B rebatable drug such as certain vaccines.

much as \$618 lower per average dose[‡] than what they would have paid without the inflation rebate coinsurance adjustment provisions.

Beyond inflation rebates, the IRA authorizes the HHS Secretary to directly negotiate with participating manufacturers the prices of certain high expenditure, single source drugs without generic or biosimilar competition that meet the eligibility criteria set forth in the law. The law also limits Medicare enrollees' cost-sharing for each covered insulin product to \$35 a month, and covers certain vaccines under Medicare Part D without cost sharing. In 2024, the IRA expands the Extra Help program to cover more drug costs for Medicare Part D enrollees with limited resources and caps catastrophic health care costs. In addition, the \$2,000 cap on annual out-of-pocket spending under Part D in 2025 is also expected to help enrollees who take high-priced prescription drugs.

Table. List of Medicare Part B Drugs with Adjusted Coinsurance Rates Based on Inflation-adjusted PaymentAmounts

Drug Name (HCPC)	Medical Conditions	Q2 2023	Q3 2023	Q4 2023
		18 Products	38 Products	34 Products
Abelcet (J0287)	Fungal Infection	Ø	Ø	
Adcetris (J9042)	Cancer			
Aggrastat (J3246)	Heart Attack			
Akynzeo (J8655)	Chemotherapy-Induced Nausea			
Atgam (J7504)	Kidney Transplant			
Aveed (J3145)	Low Testosterone			
Bicillin CR (J0558)	Infection	\checkmark		\bigcirc
Bicillin L-A (J0561)	Infection			
Blincyto (J9039)	Cancer			\checkmark
Chirhostim (J2850)	Diagnosis of Pancreatic Dysfunction			\bigcirc
Cresemba (J1833)	Fungal Infection			
Crysvita (J0584)	Bone Disorder			
Cuvitru (J1555)	Autoimmune Disorders			

⁺ People with Traditional Medicare and Medicare Advantage who use these drugs may, depending on other health coverage they may have, pay a reduced amount for their coinsurance during this specific quarter.

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Drug Name (HCPC)	Medical Conditions	Q2 2023	Q3 2023	Q4 2023
Sotalol (C9482)	Irregular Heartbeat			\bigcirc
Sylvant (J2860)	Lymph Node Disease			
Synribo (J9262)	Cancer			
Tezspire (J2356)	Asthma			
Trogarzo (J1746)	HIV			
Vabomere (J2186)	Infection			
Varizig (90396)	Chickenpox/Shingles			
Vectibix (J9303)	Cancer			
Vivitrol (J2315)	Alcohol Use Disorder and Opioid Use Disorder			
Xiaflex (J0775)	Dupuytren's Contracture and Peyronie's Disease			
Zemdri (J0291)	Infection			

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