

# Inflation Reduction Act:

## CMS Implementation Timeline



**2022**

### **Affordable Care Act**

- People covered under **Affordable Care Act** insurance plans will continue to save on their health insurance coverage during Open Enrollment for 2023 coverage.

### **Medicare Part B qualifying biosimilars**

- Starting October 1, **Medicare will temporarily pay an add-on fee of 8% instead of 6% for qualifying biosimilars.** This increase will encourage competition, lower costs for prescription drugs, and improve patient access to biosimilars.

### **Medicare Part D drug rebates**

- October 1 is the start of 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. The Part D inflation rebates for the 12-month periods beginning October 1, 2022 and October 1, 2023 must be invoiced by December 31, 2025.



**2023**

### **Insulin cost-sharing**

- Starting January 1, **people enrolled in a Medicare prescription drug plan will not pay more than \$35 for a month's supply of each insulin** that they take and is covered by their Medicare prescription drug plan and dispensed at a pharmacy or through a mail-order pharmacy. Also, Part D deductibles won't apply to the covered insulin product.
- Starting July 1, **people with Traditional Medicare who take insulin through a traditional 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 durable medical equipment benefit under Part B

### **Vaccine cost-sharing**

- Starting January 1, adult 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 drug rebates

- January 1 is the start of 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.** The Part B inflation rebates for quarters in 2023 and 2024 must be invoiced by September 30, 2025.

### Coinsurance for Part B drugs

- Starting April 1, people with Traditional Medicare 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.

### Medicare Part D drugs selected for the Drug Price Negotiation Program

- By September 1, CMS will announce the first 10 Medicare Part D drugs selected for the Drug Price Negotiation Program. Maximum fair prices negotiated for these first 10 Part D drugs will go into effect in 2026.

### Coverage of ACIP-recommended vaccines

- Beginning October 1, **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

### Catastrophic phase of the Medicare prescription drug benefit

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

### Part D premium stabilization

- The law provides for a mechanism beginning January 1, 2024 for **the average premium increase across most Part D plans to 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.

### Low-Income Subsidy Program

- Individuals with Medicare Part D who have low incomes will benefit from expanded financial help with prescription drug cost-sharing and premiums. **The low-income subsidy program (LIS or "Extra Help") under Medicare Part D will be fully available** to certain people with Medicare with limited resources who earn less than 150% of the federal poverty level starting in 2024.

### Cap on Part B payment for new biosimilars

- Starting July 1, there will be a cap on the Part B payment amount for new biosimilars when average sales price data is not available.

### Drug Price Negotiation Program

- By September 1, CMS will publish the maximum fair prices negotiated for the first 10 Medicare Part D drugs selected for negotiation. Maximum fair prices for these first 10 drugs will go into effect in 2026.



## 2025

### Out-of-pocket limit in Part D

- People with Medicare Part D won't pay more than \$2,000 out-of-pocket for 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

- 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

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

### Drug Price Negotiation Program

- By February 1, CMS will announce 15 more Medicare Part D drugs for negotiation.
- By November 30, CMS will publish the maximum fair prices for the 15 Medicare Part D drugs selected for negotiation earlier in the year. Maximum fair prices for these drugs will go into effect in 2027.



## 2026

### Additional drugs selected for the Drug Price Negotiation Program

- Maximum fair prices for the first 10 Medicare Part D drugs selected for negotiation will go into effect. This is the first year that people with Medicare will start to benefit from Medicare negotiating prices with drug companies.

- By February 1, CMS will announce 15 more Medicare Part B or Part D drugs for price negotiation.
- By November 30, CMS will publish the maximum fair prices for the 15 Part B or Part D drugs selected for negotiation earlier in the year. Maximum fair prices for these drugs will go into effect in 2028.

### **Government reinsurance with respect to Selected Drugs in their Applicability Period**

- Beginning in 2026, government reinsurance in the catastrophic phase of Part D will be 40% for Medicare Part D drugs selected for negotiation in their applicability period.



## **2027**

### **Additional drugs selected for the Drug Price Negotiation Program**

- Maximum fair prices for the 15 Medicare Part D drugs selected for negotiation in 2025 will go into effect. This is in addition to the 10 Part D drugs whose maximum fair prices became effective in 2026.
- By February 1, CMS will announce 20 more Part B or Part D drugs for negotiation.
- By November 30, CMS will publish the maximum fair prices for the 20 Part B or Part D drugs selected for negotiation earlier in the year. Maximum fair prices for these drugs will go into effect in 2029.



## **2028**

### **Additional drugs selected for the Drug Price Negotiation Program**

- Maximum fair prices for the 15 Medicare Part B or Part D drugs selected for negotiation in 2026 will go into effect. This is in addition to the Part D drugs whose maximum fair prices became effective in 2026 or 2027.
- By February 1, CMS will announce 20 more Part B or Part D drugs for negotiation.
- By November 30, CMS will publish the maximum fair prices for the 20 Part B or Part D drugs selected for negotiation earlier in the year. Maximum fair prices for these drugs will go into effect in 2030.



## 2029

### **Additional drugs selected for the Drug Price Negotiation Program**

- **Maximum fair prices for the 20 Medicare Part B or Part D drugs selected for negotiation in 2027 will go into effect.** This is in addition to the drugs whose maximum fair prices became effective in 2026, 2027, or 2028.
- **By February 1, CMS will announce 20 more Part B or Part D drugs for negotiation.**
- **By November 30, CMS will publish the maximum fair prices for the 20 Part B or Part D drugs selected** for negotiation earlier in the year. Maximum fair prices for these drugs will go into effect in 2031.