



Fall 2022

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Inflation Reduction Act

What does this Act mean for Medicare...

Starting in 2023

- Drug price increases will effectively be capped at the rate of inflation (There is not a limit to increases in deductibles, copays, or coinsurance for medications.)
- Monthly out-of-pocket costs for covered insulin products will be capped at \$35 (Trulicity, Ozempic, Jardiance, Januvia and other popular brand name medications used by diabetics are not included in this.)
- Deductibles will not apply to any insulin products (Trulicity, Ozempic, Jardiance, Januvia and other popular brand name medications used by diabetics are not included in this.)
- Medicare covered adult vaccines must be at no cost with no deductible (Many of the vaccines were already "no-cost" to Medicare recipients, such as the seasonal flu, the swine flu, pneumonia, and COVID-19 shots. We believe this Act may help beneficiaries get the shingles and Tdap (Tetanus) vaccine at no or low cost if they have Part D prescription coverage.)

Starting in 2024

- Zero out-of-pocket costs for catastrophic Part D coverage (This is for 2024 only and will benefit those that go through the coverage gap, aka "donut hole", due to high-cost medications.)
- Part D national base premiums cannot increase by more than 6% per year (There is not a limit to increases in deductibles, copays, or coinsurance for medications)
- The threshold for full Low-Income Subsidy will be increased to 150% of Federal Poverty Level (Currently it is 135%. Federal poverty level for an individual in 2022 is \$13,590; for a couple it is \$18,310).

Starting in 2025

- Starting in 2025, the annual out-of-pocket Part D will be capped at \$2,000 (This will significantly help those who annually reach the coverage gap, aka "donut hole" due to high-cost medications by capping their out-of-pocket costs. It will, however, result in higher premiums or less benefits for everyone.)
- After 2025, the cap will increase based on Medicare's drug expenditures

2026 and beyond

- Medicare will start to negotiate prices, initially only on **10** qualifying drugs
- Negotiations will be expanded to an additional 15 drugs in 2027
- Negotiations will be expanded to an additional 15 drugs in 2028
- Negotiations will be expanded to an additional 20 drugs in 2029