

Inflation Reduction Act Update

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Outline

- ▶ Provide an overview of pharmacy provisions within the Inflation Reduction Act (IRA)

IRA Overview

- ▶ Signed by President Biden in August 2022
- ▶ Pharmacy provisions center around Medicare Part D
 - ▶ Restructures Medicare Part D benefit design
 - ▶ Enables the federal government to negotiate drug prices with manufacturers
 - ▶ Limits manufacturer's ability to increase drug prices at a higher rate than inflation
 - ▶ Caps insulin cost share at \$35 per month
- ▶ These provisions impact PEBB Program members enrolled in a Part D plan

IRA Overview (*cont.*)

- ▶ IRA provisions apply to:
 - ▶ All Part D plans on the commercial market
 - ▶ PEBB Program's Part D offerings (UnitedHealthcare)
- ▶ IRA provisions do not apply to:
 - ▶ UMP Classic Medicare *current* pharmacy plan
 - ▶ Would apply to the Part D option (if adopted for 2025)
 - ▶ PEBB Program Medicare pharmacy plans with creditable drug coverage (Kaiser Permanente of the Northwest and Kaiser Permanente of Washington)

Part D Benefit Design

- ▶ Fully effective in 2025, with smaller modification starting in 2024
- ▶ Costs are shifted away from members
 - ▶ Maximum out of pocket cost will be \$2,000 starting 2025
- ▶ Increases responsibility of the drug manufacturer in the catastrophic coverage phase
- ▶ Limits base beneficiary premium increase to no more than 6% from the previous year

Drug Price Negotiations

- ▶ Negotiated prices will be effective 2026
- ▶ Drugs eligible for negotiation include:
 - ▶ No generic availability
 - ▶ At least 7 years since FDA approval or 11 years for biologics
- ▶ Drugs picked for negotiation must be covered by all Part D plans

Effective Year	Number of Drugs Eligible
2026	10
2027	15
2028	15 (may include Part B drugs)
2029 +	20

Drugs Picked for 2026

Drug Name	Participating Manufacturer
Eliquis	Bristol Myers Squibb
Jardiance	Boehringer Ingelheim
Xarelto	Janssen Pharms
Januvia	Merck Sharp Dohme
Farxiga	AstraZeneca AB
Entresto	Novartis Pharms Corp
Enbrel	Immunex Corporation
Imbruvica	Pharmacyclics LLC
Stelara	Janssen Biotech, Inc.
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Novo Nordisk Inc.

Source: Centers for Medicare and Medicaid Services (CMS)

Drug Price Increase Protection

- ▶ Effective 2023
- ▶ Applies to Part D drugs and some Part B drugs
- ▶ Drug manufacturers will be required to pay the federal government for price increases above the rate of inflation
- ▶ Speculation that manufacturers will inflate launch prices of new drugs as a result

Cap on Insulin Cost-share

- ▶ Effective 2023
- ▶ Requires maximum cost share of \$35 per month for insulins for Medicare Part D members
 - ▶ Shifts cost from member to payer
- ▶ This was already in effect for PEBB Program members per Washington law
 - ▶ Senate Bill 5546 (2022)
 - ▶ Senate Bill 5729 (2023)

Questions?

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