
THE INFLATION REDUCTION ACT & CHANGES TO MEDICARE

ED 51-53 Meeting - September 28-29, 2022

Pete Savage, NYSUT Deputy Director of Legislation



PRESIDENT BIDEN SIGNED THE INFLATION REDUCTION ACT - AUGUST 2022

Three parts to the new law:

- Reduce the federal deficit by \$305 billion by 2031 through various measures including stronger tax enforcement measures;
- Increase economic output by promoting new renewable energy projects, chip manufacturing, and health care provisions;
- Limit the price growth of certain prescription drugs by allowing Medicare to negotiate their cost with pharmaceutical companies.

PRESCRIPTION DRUG REFORM: OVERVIEW

- The prescription drug pricing reform is the most profound policy change on this issue since 2003.
- Allows the Secretary of the Department of Health and Human Services to negotiate prices for some brand name drugs.
- The law allows ten drugs to be negotiated annually in 2026 but will increase to 20 drugs annually in 2029.

PRESCRIPTION DRUG REFORM: TIMELINE

- 2023

- Requires Rx companies to pay rebates if drug prices increase faster than inflation.
- Limits insulin copays to \$35/month in Medicare Part D.
- Reduces costs and improves coverage for adult vaccines under Medicare Part D, Medicaid and CHIP.

- 2024

- Eliminates 5% coinsurance for catastrophic coverage under Medicare Part D.
- Expands eligibility for low-income subsidy for Medicare Part D.

PRESCRIPTION DRUG REFORM: TIMELINE

- 2025 - Adds \$2,000 out-of-pocket cap to Medicare Part D
- 2026 - Implements negotiated prices for some high-cost drugs under Medicare Part D:
 - 2026 – 10 drugs
 - 2027 – 15 drugs
 - 2028 – 15 drugs (Parts B & D)
 - 2029 – 20 drugs (Parts B & D)
- 2024 – 2030 - Limits Medicare Part D premium growth to no more than 6% per year.

Q&A

Thank you



This Photo by Unknown Author is licensed under [CC BY-SA-NC](#)