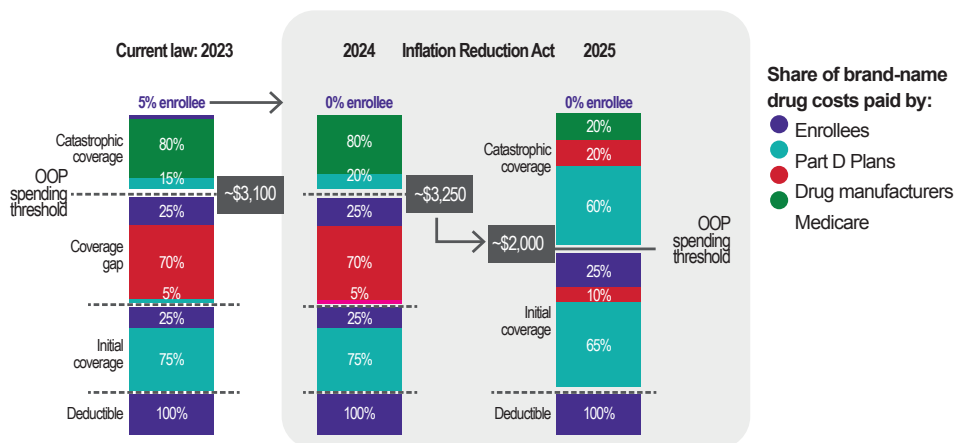


OVERVIEW MEDICARE PART D BENEFIT RESTRUCTURE

The IRA restructures the Medicare Part D benefit to provide financial protections for beneficiaries and changes the contribution structure for plans, the government, and manufacturers.

Changes to Medicare Part D for Brand-Name Drug Costs



NOTE: OOP is out-of-pocket. The out-of-pocket spending threshold will be \$7,400 in 2023 and is projected to be \$7,750 in 2024 and \$8,100 in 2025, including what beneficiaries pay directly out of pocket and the value of the manufacturer discount on brand-name drugs in the coverage gap phase. These amounts translate to out-of-pocket spending of approximately \$3,100, \$3,250, and \$3,400 (based on brand-name drug use only).

1. Beneficiary OOP threshold lowered to \$2,000 starting in 2025 (*will help ~1 million Medicare beneficiaries*)
2. Coverage gap eliminated starting in 2025
3. Beneficiary cost sharing in catastrophic phase eliminated starting in 2024 (*currently they pay 5% -- will help ~1.5 million Medicare beneficiaries*)
4. Permits smoothing of beneficiary OOP costs
5. Cost sharing for insulin would be set at no more than \$35
6. Vaccines would be covered under Part D with no deductible, coinsurance, or other cost sharing

| | |
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| Reduction in Medicare Reinsurance Amount | From 80 to 20 percent where a drug is subject to the new Manufacturer Discount Program, and from 80 to 40 percent where a drug is not subject to the program (Takes effect in 2025). |
| Premium Stabilization Changes | Premium growth (base beneficiary premium) capped at 6% year from 2024-2029. |
| Expands Low-Income Subsidy (LIS) Eligibility | Modifies Part D LIS eligibility such that beneficiaries with incomes up to 150% of the federal poverty level will be eligible for more significant low-income subsidy benefits (takes effect in 2024). |
| Manufacturer Discount Program | Starting in 2025, manufacturers participating in Part D are required to enter a Manufacturer Discount Program agreement to provide discounts off the negotiated price under Part D for applicable drugs dispensed to applicable beneficiaries (replaces coverage gap discount program). |
| Small Company Phase-In | Applies to LIS spending for companies whose Part D drugs are <1% of Part D spending AND whose Part B drugs are <1% Part B spending. This also applies to non-LIS spending for companies who meet the above criteria and where one of the company's Part D drugs comprises 80% or more of all their Part D spending. |

IMPORTANT DATES

