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.

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

### 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

- **January 1, 2023**
  - Insulin and vaccine coverage changes go into effect
- **January 1, 2024**
  - Premium stabilization changes, elimination of cost-sharing in catastrophic phase, and expansion of LIS program benefits go into effect
  - Deadline for manufacturer to enter into manufacturer discount program agreement for 2025
- **March 1, 2024**
  - Premium stabilization changes
- **January 1, 2025**
  - Manufacturer discount program, lowering the beneficiary OOP threshold to $2,000, elimination of the coverage gap program, optional smoothing of beneficiary OOP costs, and lowering of the Medicare reinsurance payment amount go into effect