

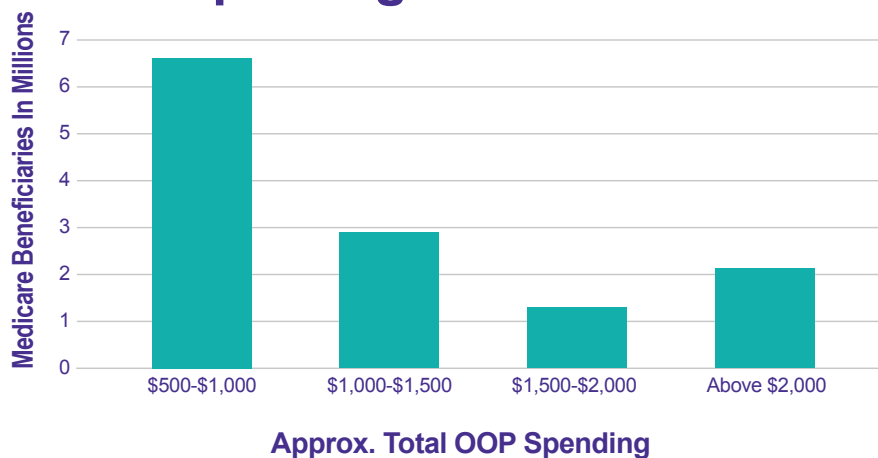
Currently, millions of Medicare beneficiaries reach the catastrophic phase in January or February, which exacerbates the financial hardship of the high prices of OOP costs. The Inflation Reduction Act (IRA) will allow Medicare beneficiaries to spread their out-of-pocket cost over the course of the plan year.

- The IRA creates a max monthly cap on cost-sharing payments for Medicare beneficiaries starting on January 1, 2025
- Any Medicare beneficiary can benefit from spreading OOP costs evenly throughout the plan year. (BIO commonly refers to spreading as “smoothing”)
- Approximately 1 million Medicare beneficiaries hit the OOP cap each year and millions more have significant cost-sharing obligations due to income constraints.
- Education outreach will be key to ensure the maximum amount of Medicare beneficiaries can benefit from smoothing.
- Continuous stakeholder engagement with CMS is important throughout the implementation process and after.

AREAS OF IMPLEMENTATION IMPACTING BENEFICIARY PARTICIPATION AND EXPERIENCE

- Beneficiary Outreach and Education
- Enrollment Process
- Dispute Resolution/
Appeals Process

Medicare Beneficiary OOP Spending in A Plan Year



***For more details on the Medicare Part D smoothing provision please see [Avalere's Insight Report](#) commissioned by BIO.**