

# Impact of Inflation Reduction Act (IRA) on Medicare Part D



## Inflation Reduction Act (IRA) overview<sup>1,2</sup>

The Inflation Reduction Act (IRA) of 2022 includes several provisions addressing prescription drug pricing and costs for people with Medicare



Requires manufacturers of certain drugs to enter into Medicare price “negotiation”

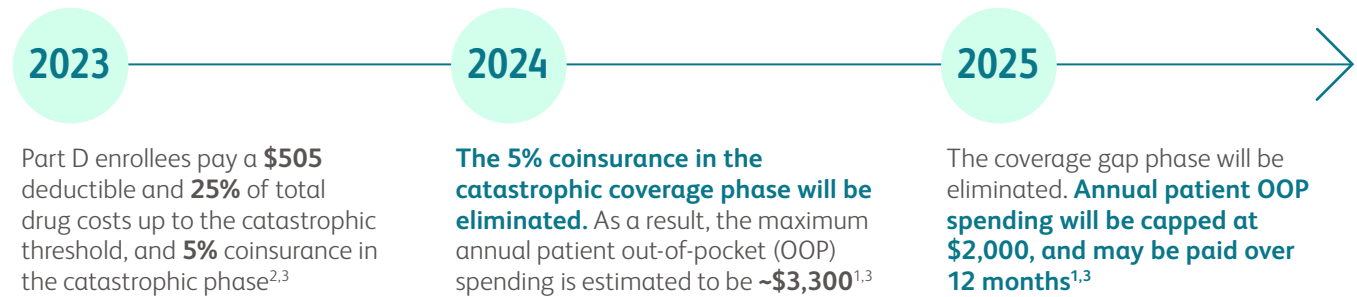


Requires manufacturers to pay rebates for price increases above inflation for Medicare-covered drugs

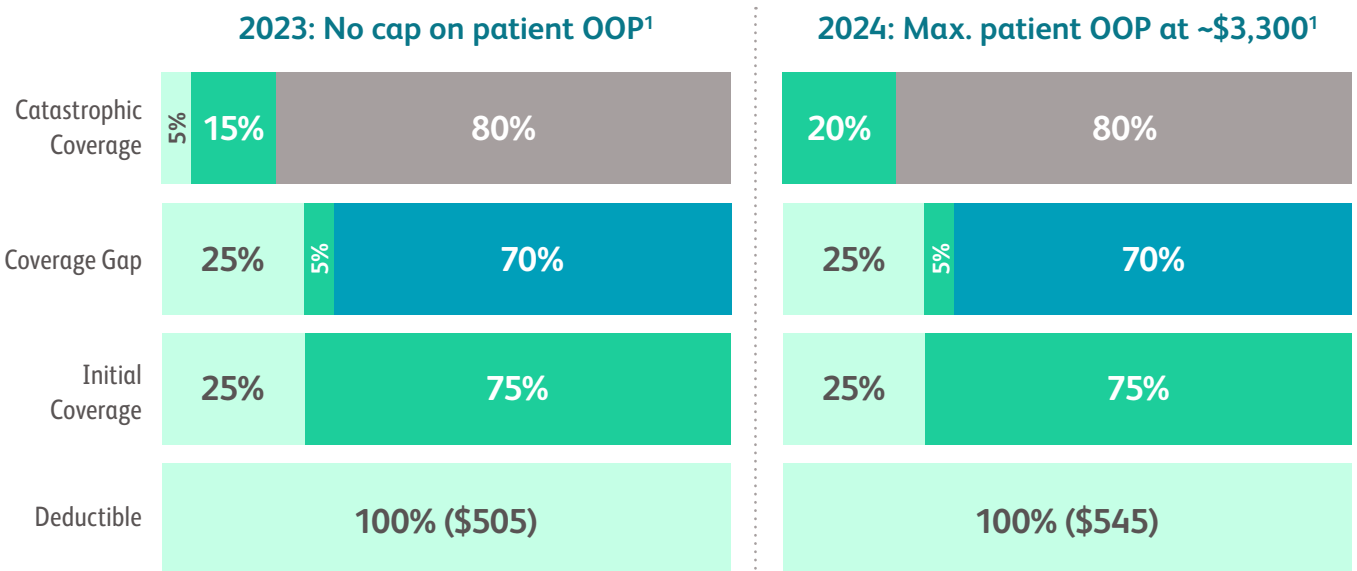


Implements several changes to Medicare Part D outpatient prescription drug benefit

## IRA impact on Medicare Part D: Evolution of standard benefit structures



**LEGEND:** Patient Medicare Part D Plan Manufacturer Government (Medicare)



**Note:** Manufacturer cost-sharing applies to brand-name drug only. Plans pay 75% in the coverage gap phase in 2023 and 2024 for generic drugs.<sup>1</sup>

# Impact of Inflation Reduction Act (IRA) on Low-Income Subsidy (LIS)



## IRA impact on Low-Income Subsidy (LIS): Expanded eligibility for full benefit

The Inflation Reduction Act (IRA) expands the Medicare Part D Low-Income Subsidy (LIS) program (also called “Extra Help”) in 2024 to extend full LIS benefits for eligible patients who earn less than 150% of the federal poverty level (FPL). This change eliminates the partial benefit category and increases the number of individuals eligible for full benefits by approximately 6 million<sup>4</sup>

### LIS benefit before and after IRA<sup>5,6</sup>

Cost to patients	2023 LIS benefit <sup>2</sup>		2024 LIS benefit (post-IRA) <sup>1</sup>
	Full LIS	Partial LIS	Full LIS
Premium	\$0	Federal Poverty Level dependent	\$0
Deductible	\$0	No more than \$104	\$0
Before reaching OOP threshold	No more than \$10.35 copay	15% coinsurance or plan’s standard copay (the lesser amount)	No more than \$11.20 copay until patient OOP cost reaches ~\$3,300
Catastrophic coverage	\$0	5% coinsurance or \$10.35 copay (the greater amount)	N/A

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The accurate completion of reimbursement- or coverage-related documentation is the responsibility of the healthcare provider and patient. Bristol Myers Squibb and its agents make no guarantee regarding reimbursement for any service or item.

**References:** **1.** KFF. Changes to Medicare Part D in 2024 and 2025 Under the Inflation Reduction Act and How Enrollees Will Benefit. April 20, 2023. Accessed September 29, 2023. <https://www.kff.org/medicare/issue-brief/changes-to-medicare-part-d-in-2024-and-2025-under-the-inflation-reduction-act-and-how-enrollees-will-benefit/>. **2.** Manatt. The Inflation Reduction Act: Medicare Part D Benefit Redesign. August 24, 2022. Accessed September 29, 2023. <https://www.manatt.com/insights/white-papers/2022/the-inflation-reduction-act-medicare-part-d-benef>. **3.** CMS. Inflation Reduction Act: CMS Implementation Timeline. Accessed September 29, 2023. <https://www.cms.gov/files/document/10522-inflation-reduction-act-timeline.pdf>. **4.** CRA Insights. Inflation Reduction Act: Increasing healthcare coverage, reducing healthcare prices. How will it impact manufacturers? November 2022. Accessed September 29, 2023. <https://media.crai.com/wp-content/uploads/2022/11/04142613/CRA-LS-Insights-IRA-Increasing-healthcare-coverage-reducing-healthcare-prices.pdf>. **5.** CMS. Announcement of Calendar Year 2024 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies. March 31, 2023. Accessed September 29, 2023. <https://www.cms.gov/files/document/2024-announcement-pdf.pdf>. **6.** NCOA. Understanding Medicare’s Part D Low Income Subsidy (LIS/Extra Help). January 14, 2022. Accessed September 29, 2023. <https://www.ncoa.org/article/understanding-medicare-part-d-low-income-subsidy-extra-help>.