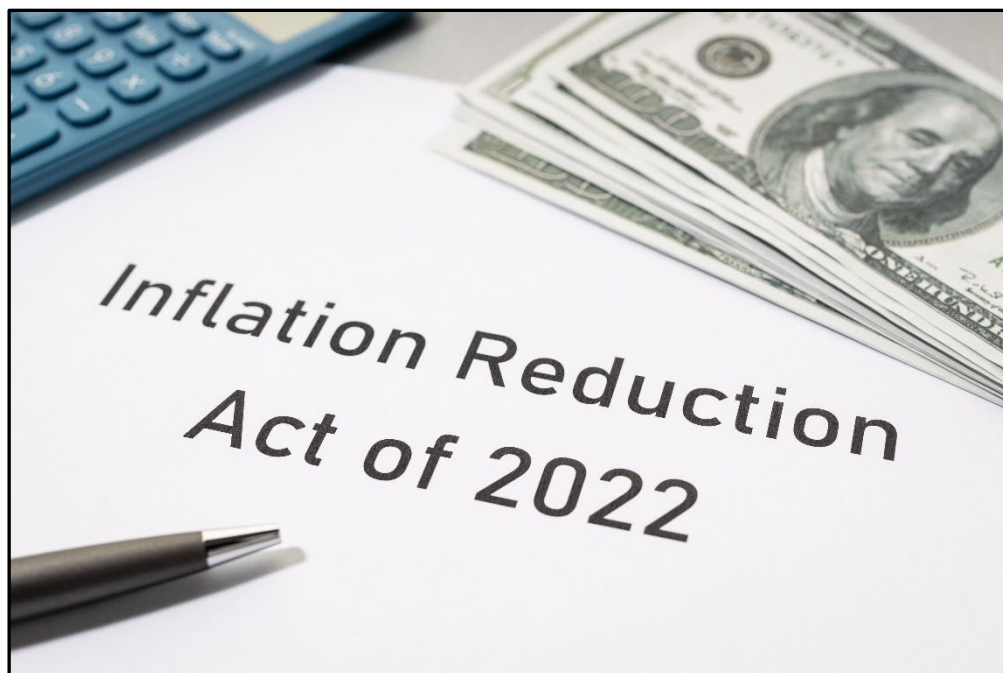


Changes to Medicare in the Inflation Reduction Act



Out-of-pocket expenses capped

Currently, seniors who exceed the catastrophic coverage amount of \$7,050 are stuck with a 5% coinsurance fee. In **2024**, that fee will be eliminated, resulting in a savings of about \$2,700 per year for about a million patients. This change will reduce the out-of-pocket maximum to approximately \$3,250. Starting in **2025**, out-of-pocket costs for medications will be capped at \$2000.

Extended subsidies for low-income seniors

Starting in **2024**, seniors whose incomes are at or below 150% FPL (in 2023, \$1699 per month) will have no Part D premiums or deductibles. They will not be responsible for any copays after they reach the catastrophic threshold.

WHAT'S NEW

OUT-OF-POCKET EXPENSES CAPPED

EXTENDED SUBSIDIES FOR LOW-INCOME SENIORS

MEDICARE CAN NEGOTIATE (SOME) DRUG PRICES

VACCINES ARE FREE

PRICE HIKES CAN'T OUT-PACE INFLATION

INSULIN COSTS \$35

Vaccines are free.

All of them, right now, including COVID.

Medicare Can Negotiate [Some] Drug Prices

When Congress created Medicare Part D, the prescription drug plan, it specifically prohibited Medicare from negotiating drug prices with drug companies. The individual Medicare Part D plans, bought by seniors through Humana, Blue Cross Blue Shield, United, etc, could negotiate but not Medicare as a whole entity.

In **2026**, Medicare can begin negotiating prices for 10 of the highest-spending Medicare-covered drugs. In **2027**, Medicare will add 15 more drugs, another 15 in **2028** and finally 20 more in **2029**. The Centers for Medicare and Medicaid Services (CMS) has until **September 2023** to select the drugs.



Price hikes can't outpace inflation



Starting in **2023**, pharmaceutical companies that raise their prices at a rate higher than inflation will have to pay a rebate to Medicare.

This change will also affect some individual seniors. For certain drugs, seniors won't have to pay more than 20% of the price increase adjusted for inflation.

For instance, if a company increases its drug cost from \$100 to \$150 but the inflation-adjusted price is \$125, a senior would pay only 20% of that \$125, or \$25—and the company would still pay Medicare a rebate as well.

Insulin costs \$35

Starting immediately, out-of-pocket costs for insulin are capped at \$35 per month.