

University of Minnesota Retirees Association

Medicare provisions of the Inflation Reduction Act

October 18, 2022

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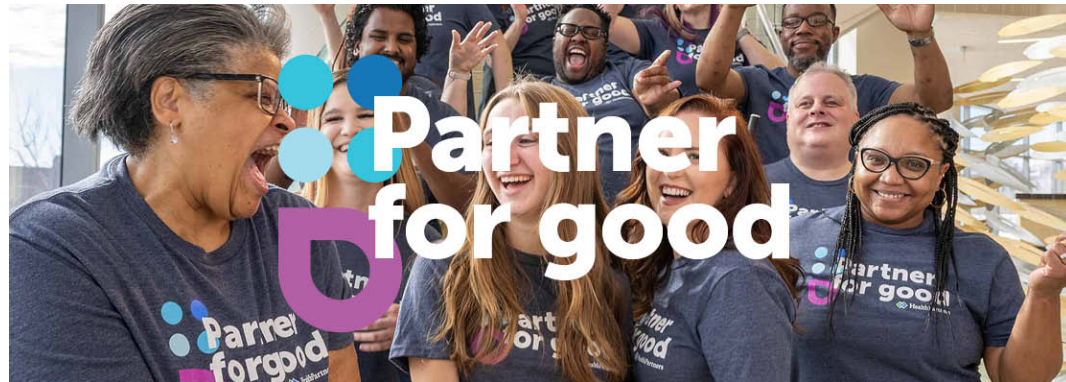
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Information presented reflects HealthPartners understanding based on information available 10/18/2022. For updates or specific questions, please contact your medical plan administrator.

A health solutions organization

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Largest **consumer-governed nonprofit** health care organization in the nation

90+
clinics & hospitals

26,000
employees

1.2 M
patients

1.8 M
members

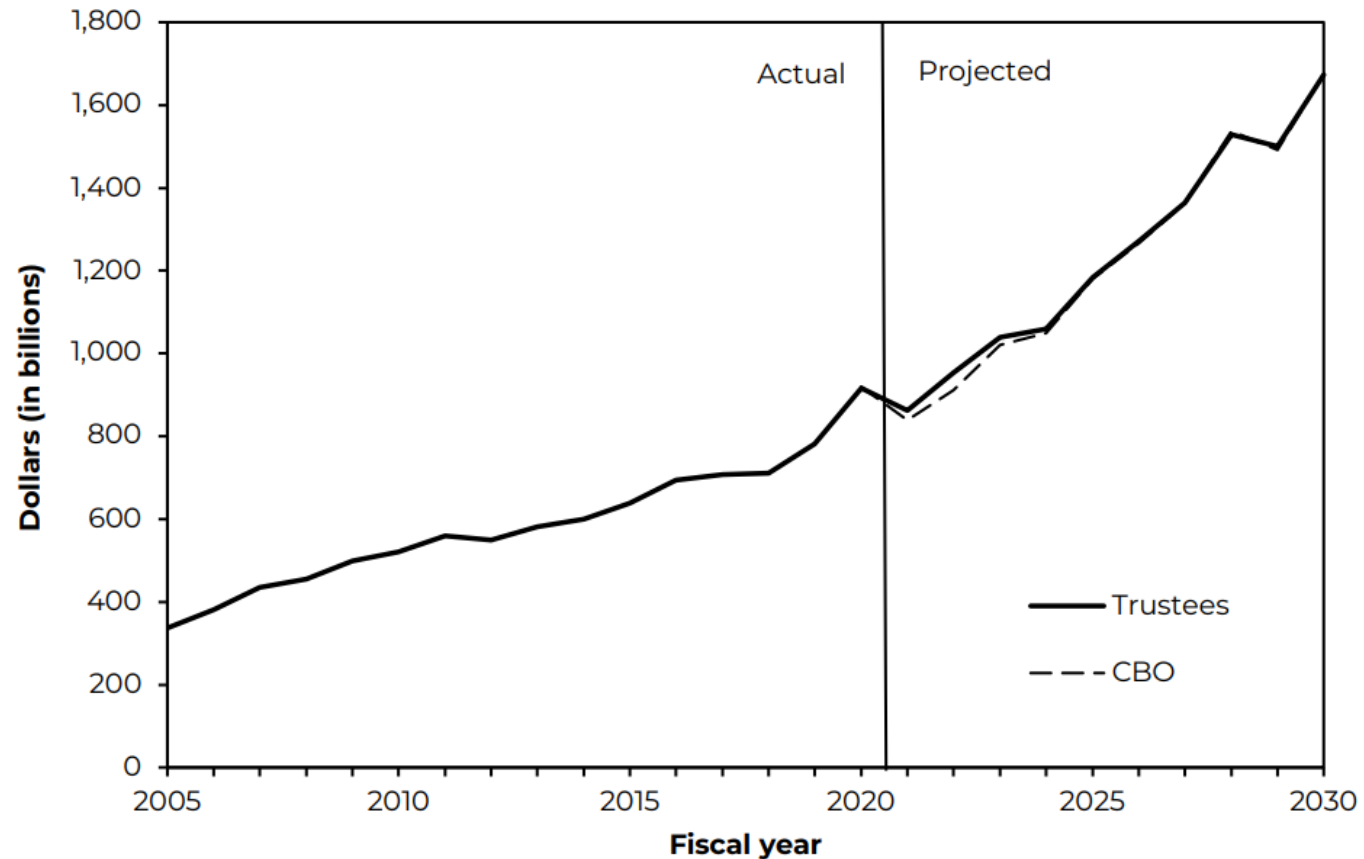
Medicare Today

- Covers 1 in 5 Americans
- Accounts for 12% of the federal budget
- Program spending is growing
 - Projected to reach \$1.5 trillion in 2031
 - Many proposals to protect the Medicare Trust Fund
- Nearly half (48%) of all Medicare beneficiaries are enrolled in Medicare Advantage (MA)
 - 55% of Minnesota's Medicare beneficiaries are in MA

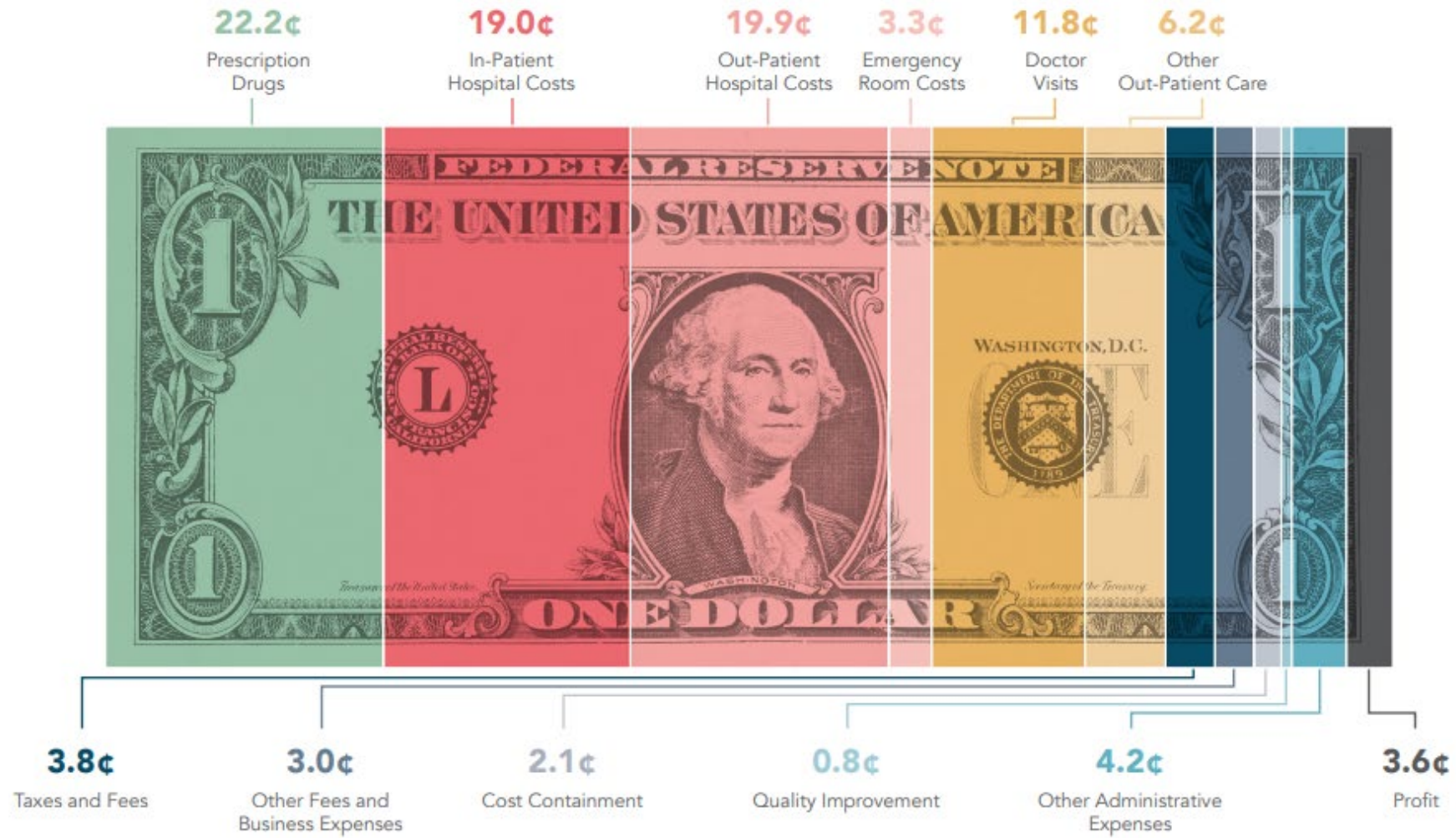


Medicare Spending Growth

Chart 1-4. The Medicare Trustees and CBO both project Medicare spending to exceed \$1 trillion by 2023



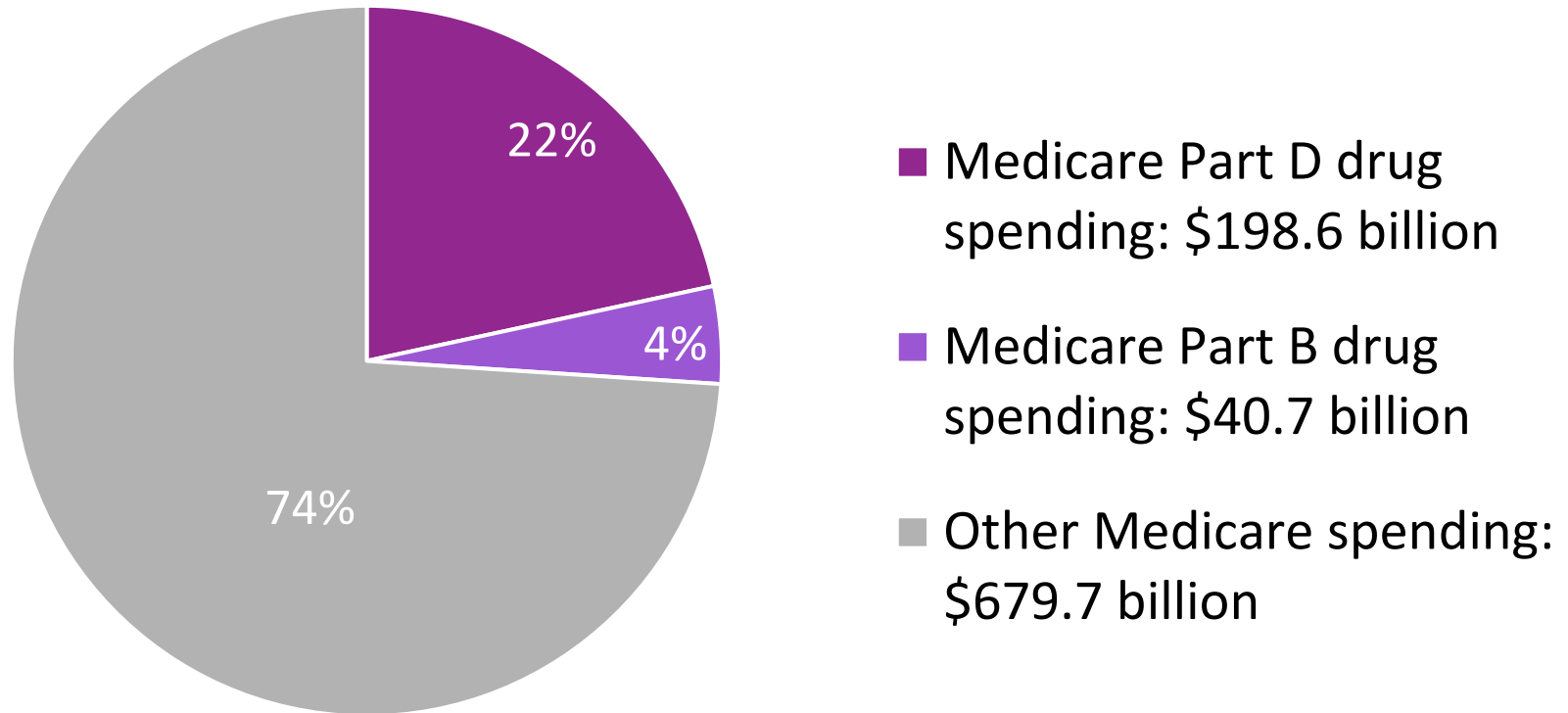
Where does your health care dollar go?



This data represents how your commercial health plan premiums pay for medical care, as well as related services and essential operations. This data includes employer-provided coverage as well as coverage you purchase on your own in the individual market. Data reflects averages for the 2018-20 benefit years. Percentages do not add up to 100% due to rounding.

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Prescription drugs comprised 26% of Medicare spending in 2020



Total Medicare drug spending in 2020: \$239.3 billion
Total Medicare spending in 2020: \$919 billion*

*Includes one-time spending prompted by the COVID-19 pandemic.

Source: Medicare Payment Advisory Commission. [Health Care Spending and the Medicare Program](#). July 2022.

Previous Proposals

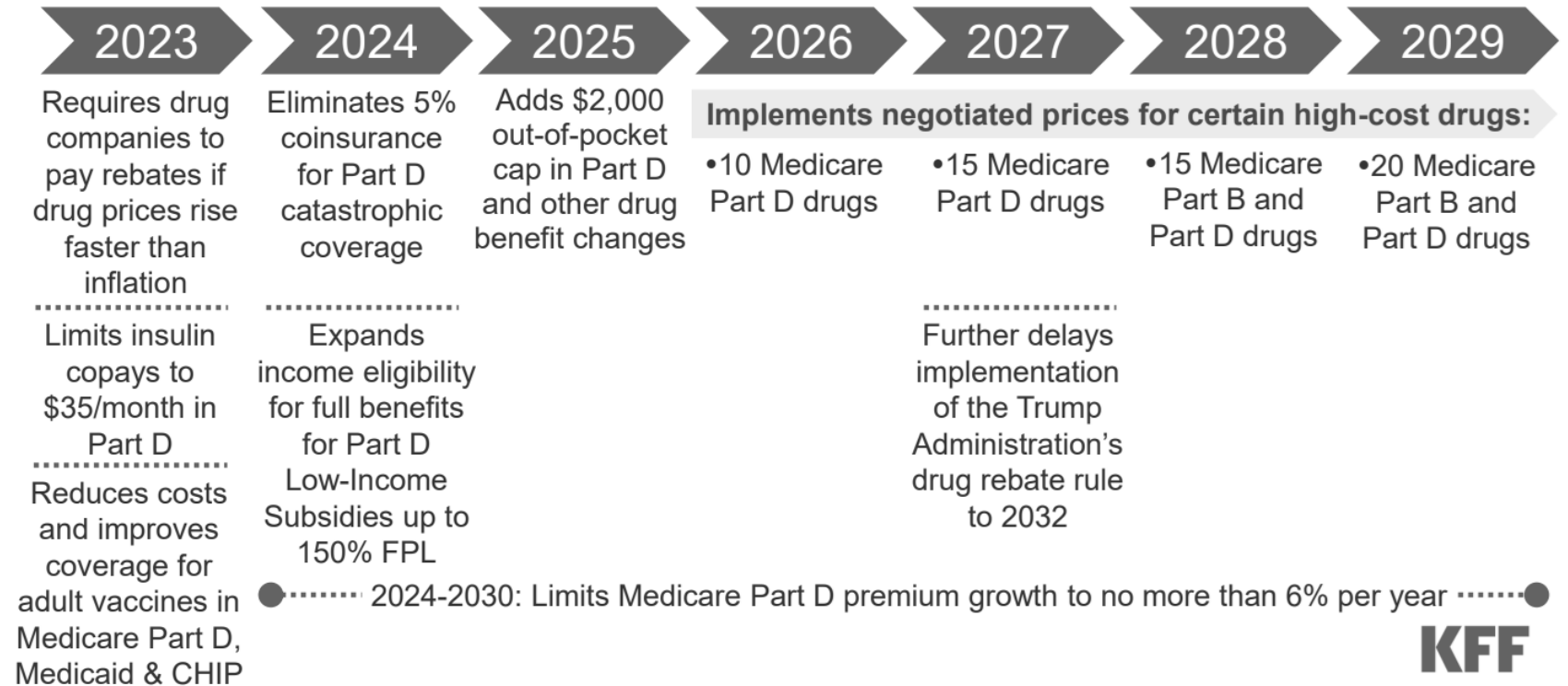
- The Build Back Better Act (BBBA) laid the groundwork for the Inflation Reduction Act but didn't ultimately pass Congress
- This broader policy package included:
 - Added hearing benefits to Original Medicare Part B including coverage of hearing aids with moderate, severe and profound hearing loss
 - BBBA did not include Original Medicare coverage for dental and vision but those services were considered earlier in the legislative process
 - Drug coverage changes
 - Health care workforce development
 - Public health infrastructure

Inflation Reduction Act (IRA)

Key changes to Medicare Part D

1. Allows Medicare to negotiate drugs prices for high-cost drugs (2026-2029)
2. Lowers costs for insulin and vaccines (2023)
3. Requires drug manufacturer inflationary rebates (2023)
4. Re-designs the Medicare Part D benefit (2024-2025)
5. Part D premium growth capped at 6% per year (2024-2030)
6. Extends delay of Part D rebate rule (to 2032)

Implementation Timeline of the Prescription Drug Provisions in the Inflation Reduction Act



KFF

Deeper dive into Part D benefit re-design

2023



Insulin: Pay no more than \$35/month*

Vaccines: No cost sharing for most Part D vaccines*

*Any Part D deductible does not apply

2024



Catastrophic phase: 5% coinsurance eliminated

2025

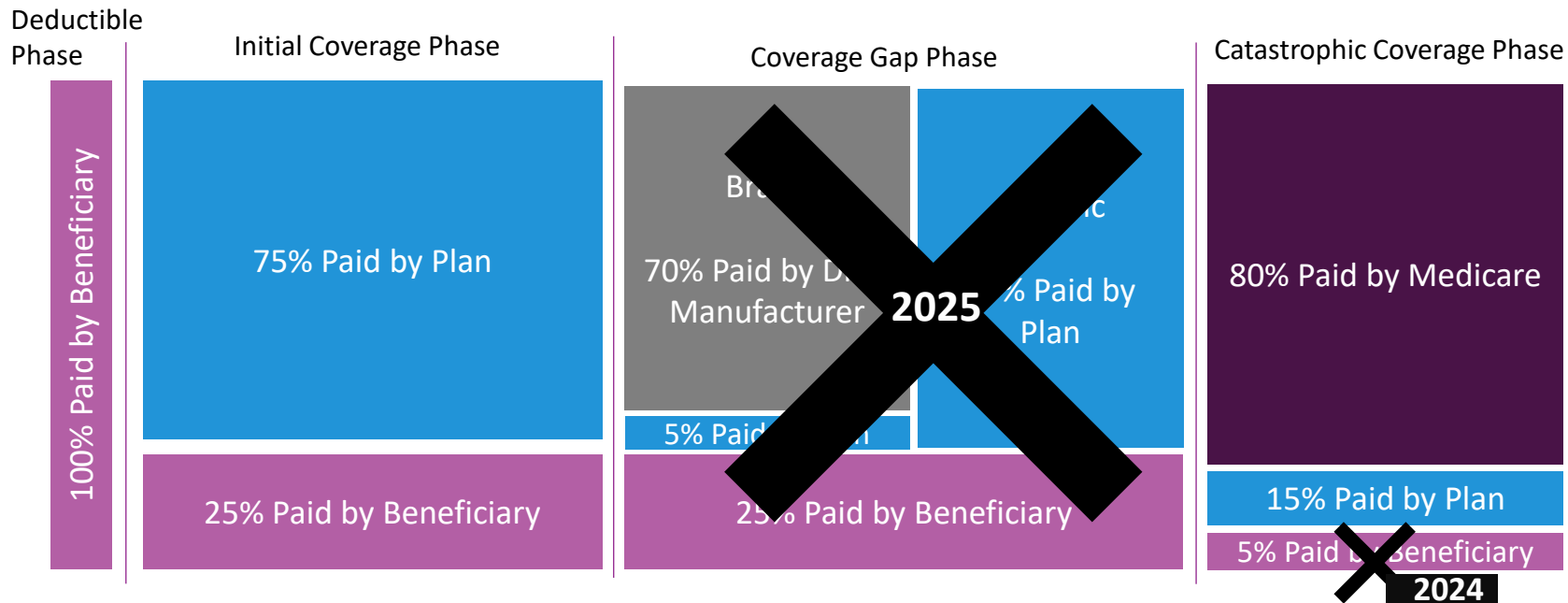


Beneficiary cost sharing is capped at \$2,000

Part D coverage gap phase eliminated

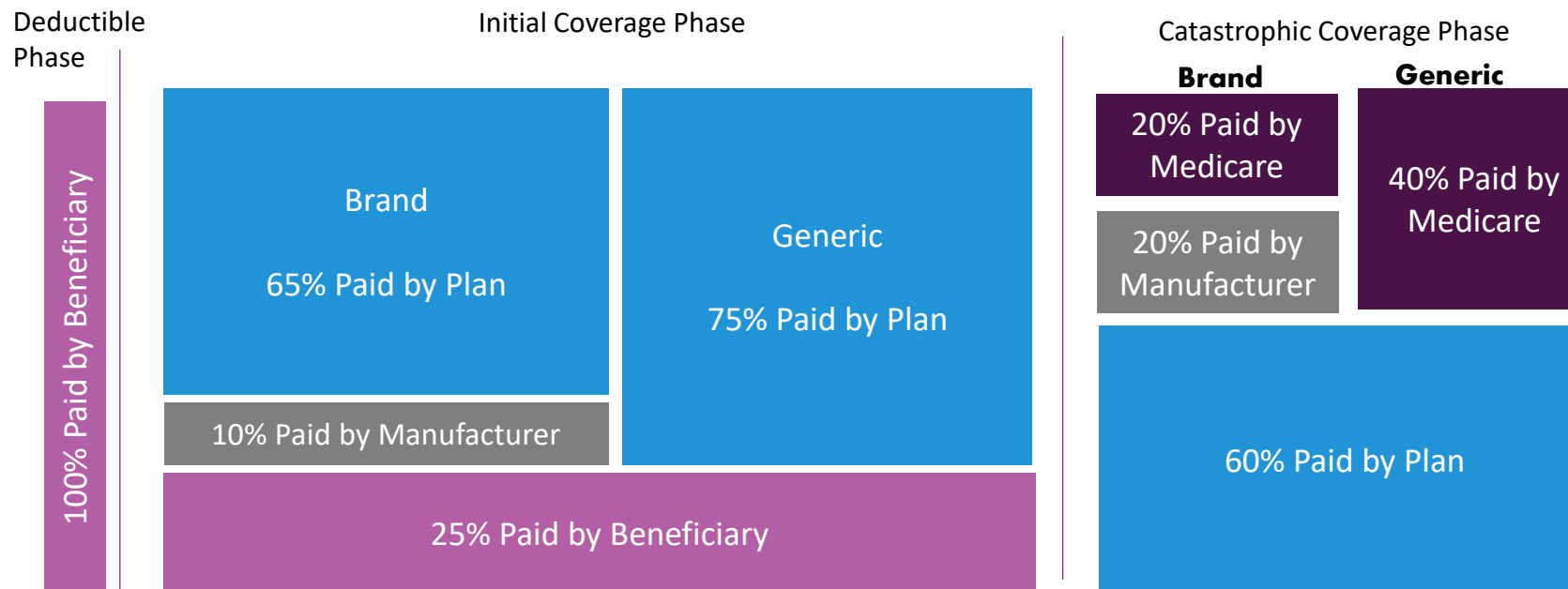
Other drug benefit changes that impact the Part D benefit design

Part D Standard Benefit Today



2025 Part D Re-Design Under IRA

Beneficiary out-of-pocket max: \$2,000



What's next?

- This fall Medicare beneficiaries will receive communications about Part D vaccines and insulin and the changes to cost sharing
- Medicare must develop and issue implementing regulations for the IRA via the notice of rulemaking process
- May see some legal challenges to the law in the coming years
- Potential for ripple effect of the Part D benefit re-design and pressures to control costs
- How to stay informed/what to watch out for – ANOCs and other notifications from your plan

