

# Medicare Part D Enrollment & the IRA: Changes in the Right Direction but Work Remains

Several programmatic changes have taken place for Medicare beneficiaries as a result of the Inflation Reduction Act (IRA):



Requiring plans to limit copays for covered insulins to \$35



Offering zero cost sharing for certain Part D preventative vaccines



Expanding eligibility for the Part D Extra Help program



Implementing a new out-of-pocket cap in Part D by eliminating the 5% coinsurance requirement; with a \$2,000 cap taking effect in 2025



Offering a program to “smooth” or spread costs over the course of the year, taking effect in 2025

Unfortunately, in many cases, Medicare beneficiaries are still paying more for their medicines than their insurance companies do. [Why?](#)

## The IRA didn't do nearly enough to address the real drivers of high out-of-pocket costs: insurer and pharmacy benefit manager (PBM) behaviors.

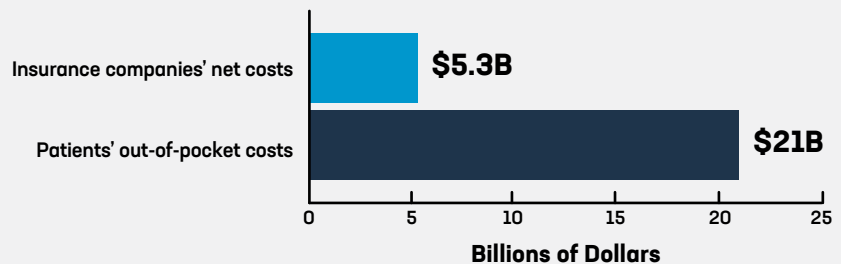
In 2021, biopharmaceutical companies paid \$48.6 billion [in rebates and discounts](#) to PBMs and insurers that administer the Medicare Part D prescription drug benefit program. These rebates and discounts lowered overall spending in the Part D program by 23%, up from 18% just a few years ago.

**But in many cases, these massive discounts are not going to seniors or those living with disabilities who are taking these medicines.**

According to a [report](#) from the nonpartisan Government Accountability Office (GAO), **Medicare Part D beneficiaries paid 4x more than insurance companies and PBMs for 79 of the top 100 medicines for which manufacturers provide significant discounts.**

Additionally, GAO found that PBMs and insurers limit the usage of lower priced medicines by not including them on their formularies.

### Patients in Medicare Part D Spent \$16 Billion More for Certain Medicines than Insurance Companies



Source: U.S. Government Accountability Office analysis of Medicare Part D beneficiaries' out-of-pocket costs and plan sponsors' net expenditures for 79 selected drugs, 2021. GAO-23-105270

## Congress can take further action to help Part D beneficiaries.

These commonsense reforms will address misaligned incentives in the PBM market to directly lower patients' cost at the pharmacy, ensuring patients are benefitting from these changes as intended:

- Ensure rebates and other savings are shared directly with patients at the pharmacy counter
- Address misaligned incentives in the market that lead PBMs to favor medicines with higher prices
- Hold PBMs accountable for their tactics that drive up costs for patients, taxpayers and the broader health care system