

Introduction

Implementation of the United States' ambitious Inflation Reduction Act (IRA) is continuing at a steady pace. It proposes significant reforms to healthcare industry and the pharmaceutical sector. 2025 marks the first full year of the Medicare Part D redesign, which includes the imposition of a \$2,000 patient out-of-pocket cap on self-administered drugs and increase in payer cost-share for innovative Part D therapies from 15% to 60% once the out-of-pocket cap has been breached.

Additionally, 10 new Part D drugs were selected for the second round of IRA price negotiations, and negotiated prices (known as Maximum Fair Prices or MFPs) were announced for those selected. CMS obtained price cuts of 38% to 79% in Round 1 negotiations with a median price cut of 66%. In Wave 1 of this survey, conducted in 2024, only 1 of 30 payers contacted correctly predicted that the government would obtain price cuts beyond the mandatory minimum require by the law on all 10 drugs selected. This demonstrates that initial market expectations may have been out of step and will continue to evolve with the progressive implementation of IRA. To better understand IRA's new developments and continuing impact, Clarivate conducted Wave 2 of this payer survey.

Objectives

Clarivate is conducting Wave 2 of an IRA survey to track evolving payer perceptions, and reactions to the latest developments of the IRA's ongoing implementation, such as the Round 2 negotiations.

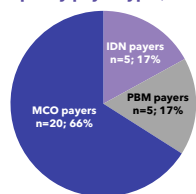
In 2024, Clarivate conducted a survey designed to determine:

- Payer perceptions of the most impactful provisions of the IRA
- The indirect impact of the negotiated prices on: 1) the Medicare net price of drugs not selected for negotiation 2) the commercial net price of the drugs selected for negotiation
- The direct impact of the IRA on payer utilization management tactics

Methods

30 payers were surveyed on their perceptions of the IRA, using the electronic survey platform Qualtrics. The sample consisted of payers from Managed Care Organizations (MCOs), Pharmacy Benefit Managers (PBMs), and Integrated Delivery Networks (IDNs) that offer their own health plans. The study's structure and questions were similar to the Wave 1 survey, with 23 of 30 sampled payers being repeat respondents. Additionally, 25 organizations were represented, with multiple respondents from large, national payers selected due to their increasing national influence.

Sample by payer type (N=30)



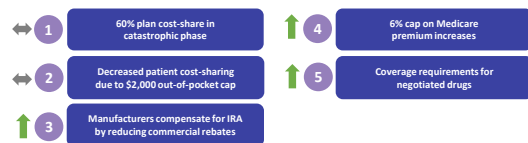
- 12 MCO/IDN medical directors represent organizations covering ~16 million Medicare medical lives
- 13 MCO/IDN pharmacy directors represent organizations covering >33 million Medicare pharmacy lives
- 5 PBM pharmacy directors represent organizations covering >20 million Medicare pharmacy lives

Results

Most Impactful IRA Provisions

Figure 1: Payers' Leading Concerns about the IRA

Forced ranking exercise of top 5 items from list of 10 items

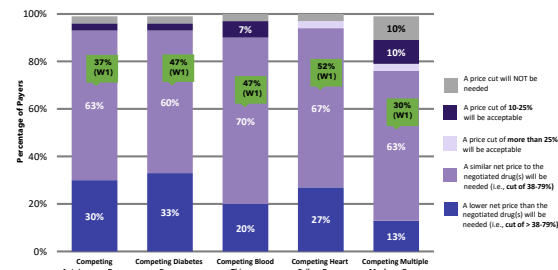


- 4 out of 5 top payer concerns are consistent with 2024 responses. The top 2 remain the largest sources of worry by a considerable margin, with n=14/30 respondents ranking them as their top concerns.
- "Coverage requirements for negotiated drugs" replaced the "Overall increase in compliance" and "Administrative costs" in the top 5. The "coverage requirements" growing impact is likely a reflection of the expanding list of negotiated drugs with mandatory coverage.

Indirect Impact of Negotiated Medicare Prices

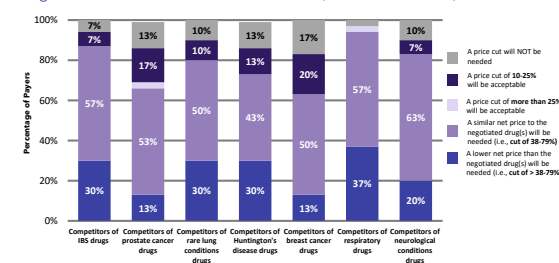
Figure 2: W2 Change in Medicare Net Price of Competitors of 2024 Negotiated Drugs Needed to Retain Coverage & Management, Negotiated Maximum Fair Price Known

Negotiated Maximum Fair Price Known



- Following the release of the MFPs, the percentage of respondents who said a similar net price will be needed for the non-negotiated competitors became the majority across all TAs, rising by 35%+ percentage points compared to wave 1
- 83% of payers indicated that competitors who do not lower their price sufficiently are likely to face step therapy through the negotiated option or placement on a more restrictive tier. 53% of payers would consider removing them from the formulary altogether.

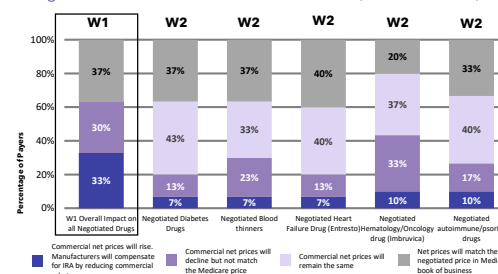
Figure 3: W2 Change in Medicare Net Price of Competitors of 2025 Negotiated Drugs Needed to Retain Coverage & Management, Negotiated Maximum Fair Price unknown (to be determined)



- As with negotiated Round 1 drugs, a similar net price to the MFP was the most common answer across all TAs.
- More leniency was shown toward oncology. ~1/3 of payers said the competing prostate cancer and breast cancer drugs will either not need to cut their prices to retain coverage/management, or do so by <25%.
- Competing respiratory drugs appear to be the most affected. Almost all payers anticipate a similar or lower price to Trelegy/Breo Ellipta.
- The impact on the competitors of the negotiated diabetes, multiple myeloma, and autoimmune drugs is described in Figure 2.

Figure 4: Impact of Reduced Medicare Price on Commercial Net Prices of 2024 Negotiated Drugs

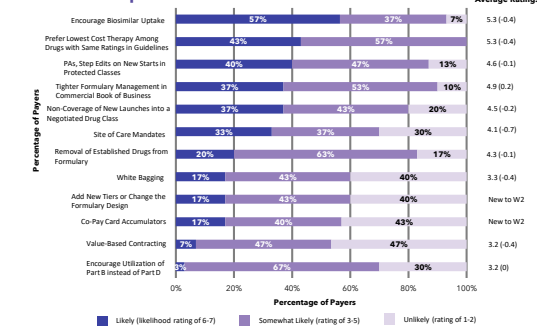
Negotiated Maximum Fair Price Known in W2 (unknown in W1)



- Following the release of the MFPs, there was a sharp decrease in the percentage of respondents who said the Commercial net prices of the negotiated drugs will match the reduced Medicare price.
- In Wave 2, the commercial net prices of negotiated drugs will remain unchanged was the most common choice. In Wave 1, ~2/3 of payers expected Commercial prices to drop. n=0 stated they will stay the same
- In Wave 2, we asked how the reduced Medicare price will impact the Commercial price of the medications selected for negotiation by TA. We did not find many differences across TAs, with the exception of oncology. Imbruvica is most likely to experience a decline in its Commercial price. Respondents may have been influenced by the 2025 selection of its main competitor (Calquence) for negotiation in Round 2.

Impact of IRA on Utilization Management (UM)

Figure 4: W2 Likelihood of Increasing Utilization Management Tactics in Response to IRA



- The UM tactics most likely to be deployed in response to the IRA have not changed significantly since Wave 1 of the survey.
- Payers are still most likely to 'encourage biosimilars' and 'leverage guidelines to prefer the lowest-cost, clinically equivalent therapy'. N=7 payers said they plan on leveraging guidelines to any therapeutic option where they are available, while others would limit the tactic's use to select TAs.
- 'Encourage utilization of Part B instead of Part D' remains one of the least likely tactics. Payers noted Part B drugs do not receive any federal reinsurance, so the tactic may not result in savings.
- 8 out of 10 repeat tactics saw a decline in their average likelihood rating, led by site of care mandates (from 4.8 to 4.1).

Conclusion

As predicted in the previous wave of research, the implementation of the IRA is having a significant impact on payer drug pricing, coverage and utilization management of innovative therapies. We did not find significant shifts between 2024 and 2025 research on payers' leading concerns about the IRA, or its expected significant impact on utilization management. However, Clarivate did find evidence of evolving price expectations for the competitors of negotiated drugs. Payers had knowledge of the negotiated Maximum Fair Prices for the drugs selected for Round 1 negotiation in Wave 2 of the survey. Previously respondents were more likely to state that a lower price than the negotiated drug will be needed, but due to the drastic cuts achieved by the government, the payers were more likely to say a similar net price will be needed in Wave 2. Similarly, in Wave 1, 63% of respondents expected the negotiated drugs to reduce their commercial prices, but in Wave 2, 33-43% predicted that their commercial prices will remain unchanged (depending on the TA). Clarivate continues to see more leniency being shown to oncology drugs, while respiratory drugs are the most impacted. This highlights the need for more research on the differential impact of the IRA on specific TAs.