

Inflation Reduction Act (IRA) Impact: Medicare Part D Beneficiaries

Out-of-Pocket (OOP) Spending on Insulin

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Objective

To examine the population of beneficiaries impacted by the Inflation Reduction Act (IRA) \$35/month copay cap on insulin medication.

Introduction

- The diabetes population is a growing proportion of Medicare beneficiaries, and their expenditures are significant.
- Medicare beneficiaries on Insulin face challenging out-of-pocket (OOP) expenses.
- In 2022, over 3.2 million beneficiaries had at least one Insulin prescription.
- The IRA protects Medicare Part D beneficiaries by establishing a \$35 per month cap on copays for insulin.
- Some plans began implementing an insulin copay cap in 2021.

Methods

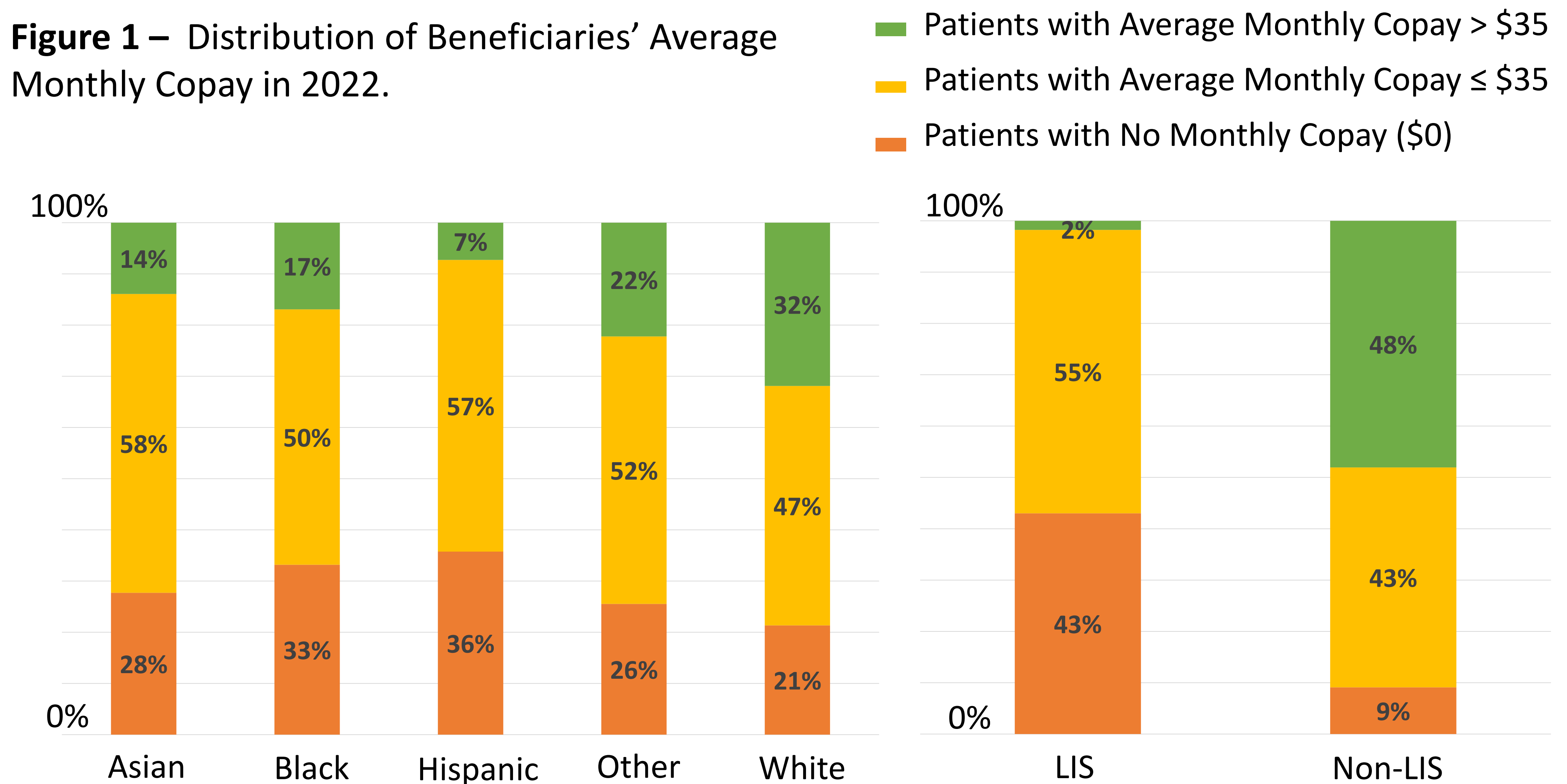
- This study analyzed the 100% Medicare Part D Event Data (PDE) files from 2018 to 2022.
- Patients were selected if they had at least one prescription fill for insulin in the calendar year.
- Demographic and payer information (Medicare Fee for Service and Medicare Advantage) was identified using the Medicare Beneficiary Summary File (MBSF).
- Enrollees were bucketed into 3 categories: patients with average monthly payments of greater than \$35, less than \$35, and no out-of-pocket payments.

Results

Table 1 – Demographics and Baseline Characteristics of Beneficiaries with Average Monthly Insulin Copay Greater Than \$35 in 2022.

Characteristics (%)	Total Beneficiaries with Insulin Rx (N=3,283,514)	Beneficiaries with Average Monthly Copay > \$35		Monthly Insulin Averages	
		Total Beneficiaries with Insulin Rx (N=886,229)	Average Monthly Insulin Copay	Average Monthly Insulin Prescriptions	Average Monthly Insulin Days Supply
Female	53%	24%	\$ 67.10	9.3	45.6
Race					
Asian	3%	14%	\$ 65.42	7.9	53.0
Black	17%	17%	\$ 63.10	8.2	44.0
Hispanic	6%	7%	\$ 61.40	8.1	45.9
Other	5%	22%	\$ 70.31	9.0	48.3
White	70%	32%	\$ 68.40	9.4	46.3
Low-income subsidy (LIS)	46%	2%	\$ 66.63	11.1	36.1
Dual Eligibility	41%	0%	\$ 72.02	14.5	27.0
Reason for Enrollment					
Age	80%	31%	\$ 67.80	9.2	46.8
Disability	19%	12%	\$ 68.44	9.7	40.9
ESRD	1%	9%	\$ 69.27	8.0	45.2
Part D Plan Type					
Other	0%	36%	\$ 90.46	10.1	51.3
PDP	41%	31%	\$ 73.47	9.5	47.2
PPO	2%	26%	\$ 62.80	9.3	43.6
Managed Care	57%	24%	\$ 62.26	9.0	45.4
Fee-For-Service Enrollment	38%	32%	\$ 74.55	9.5	47.2

Figure 1 – Distribution of Beneficiaries' Average Monthly Copay in 2022.



- In 2022, we identified 3,283,514 beneficiaries with a prescription for insulin having an average monthly copay of \$22.
- Patients who spent over \$35 per month on insulin (n=886,229 or 27%), spent an average of \$68 in 2022, which is a decrease from 2018 in both the total number of beneficiaries (n=1,167,975 or 36%) and an average copay of \$95.
- Only 2% of patients on insulin with low-income subsidy (LIS) had monthly copays greater than \$35 compared to 48% of non-LIS patients.
- White beneficiaries account for 70% of insulin users, of which 32% spent on average greater than \$35.

Figure 2 – Five Year (2018-2022) Trend Analysis of Beneficiaries with Average Copay Greater Than \$35 by Race.

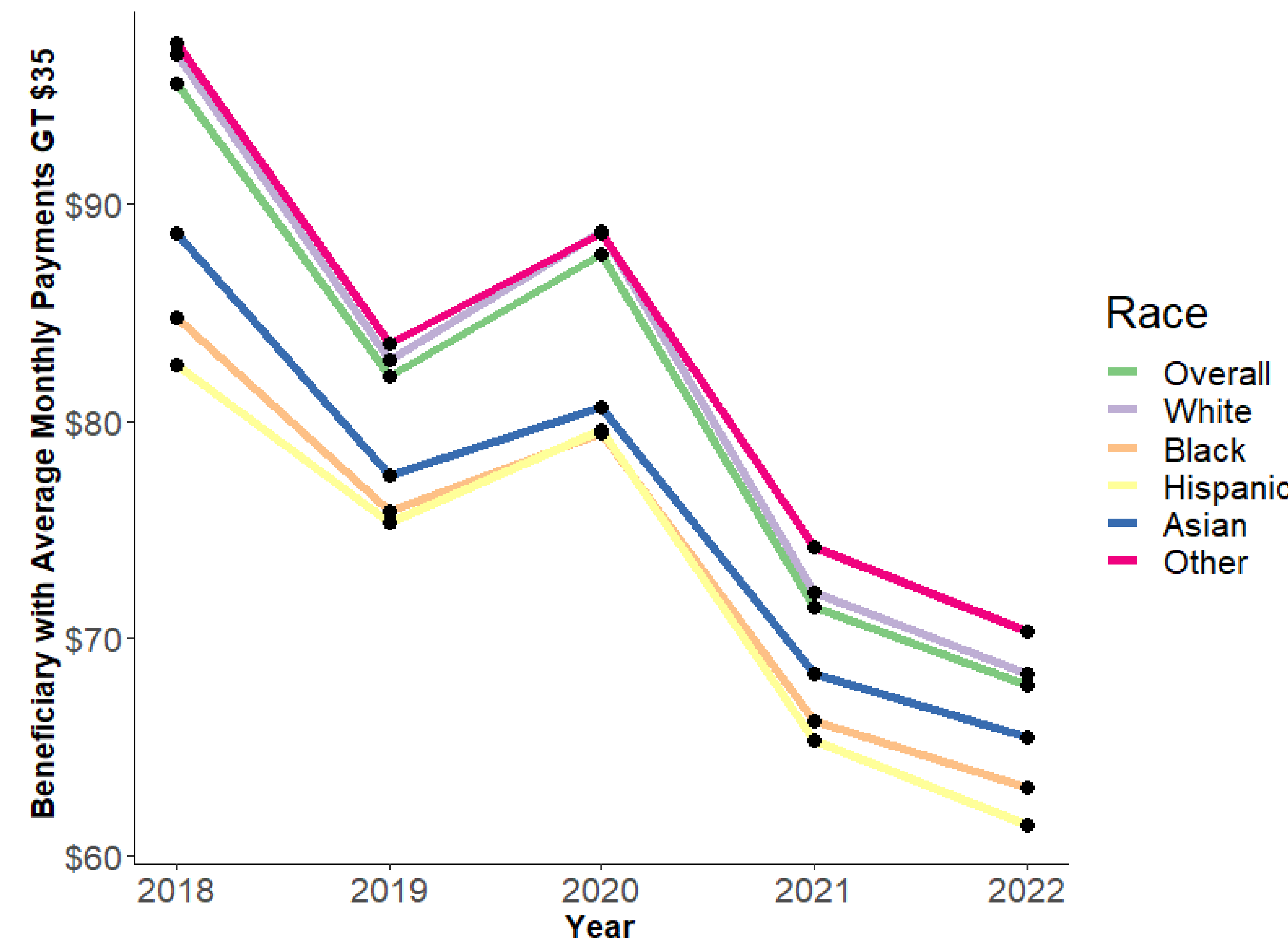
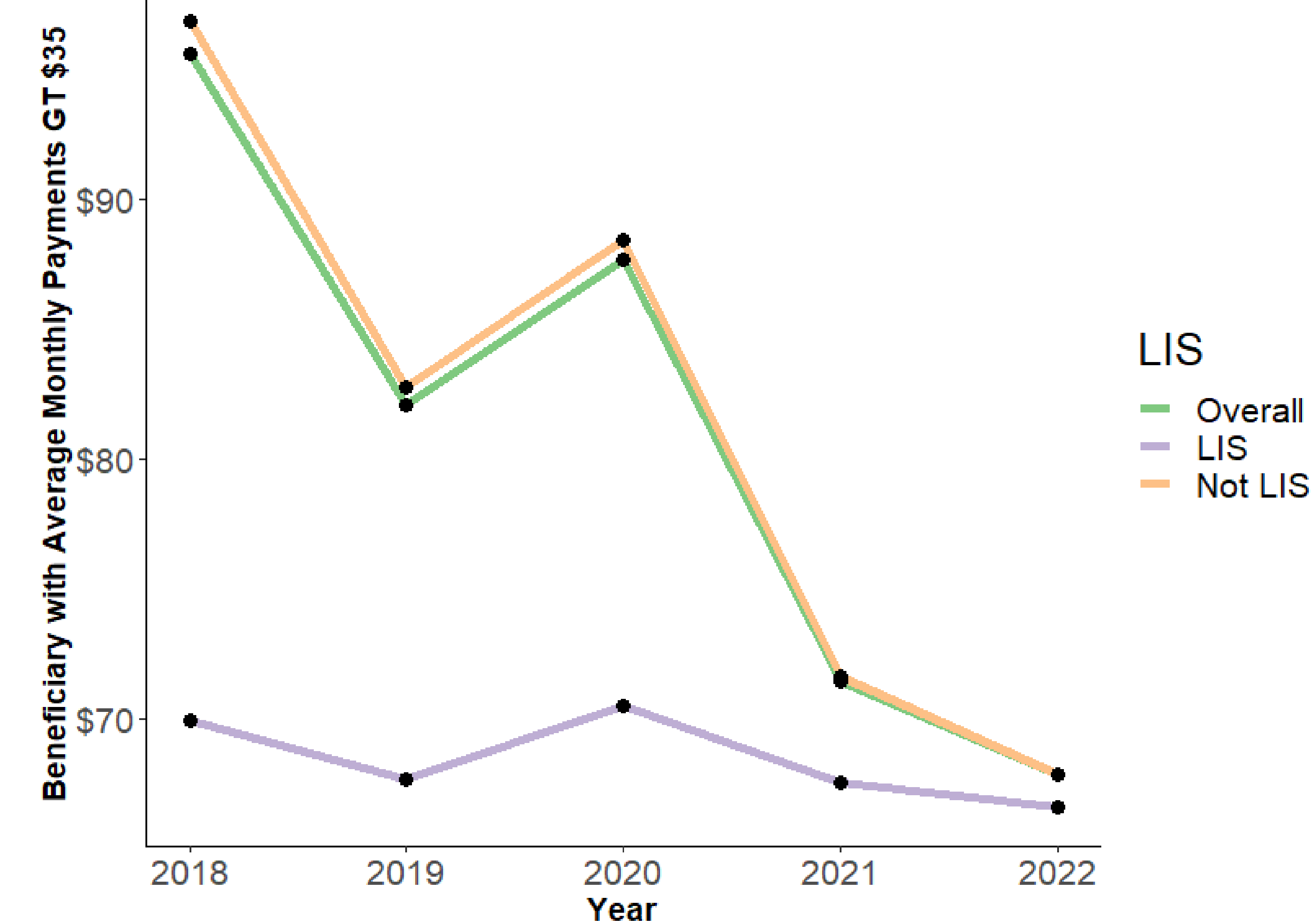


Figure 3 – Five Year (2018-2022) Trend Analysis of Beneficiaries with Average Copay Greater Than \$35 by LIS.



Conclusions

- Over 886,000 beneficiaries will be directly affected by the IRA legislation, and it will save them, on average, over \$30 per month.
- Those who seek to gain from the legislation are disproportionately white and non-LIS, as those with low-income and dual status already experienced minimal out-of-pocket expenses.

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