



Poster Supplement:

“Impact of the Inflation Reduction Act on Payer Drug Coverage and Utilization Management – Insights from a Quantitative Survey”



Varun Saxena, Jessica Liu, John Stahl, Dee Chaudhary, Alan He, Margaux Cornell

Presented May 6, 2024



The IRA enables the government to directly negotiate the price Medicare pays for highly utilized medications

CMS¹ is negotiating the price of the following drugs, selected on the basis of high Medicare expenditure:

Therapeutic Area	Medications Selected for Negotiation in 2024
Diabetes	Farxiga, Januvia, Jardiance, NovoLog
Cardiovascular Conditions	Eliquis, Entresto, Xarelto
Immunology	Enbrel, Stelara
Oncology	Imbruvica

Negotiated prices become effective Jan. 1, 2026



Part D drugs must be on the market for at least **9 years** before receiving a government mandated price cut, while **Part B** drugs receive **13 years** of unencumbered pricing.

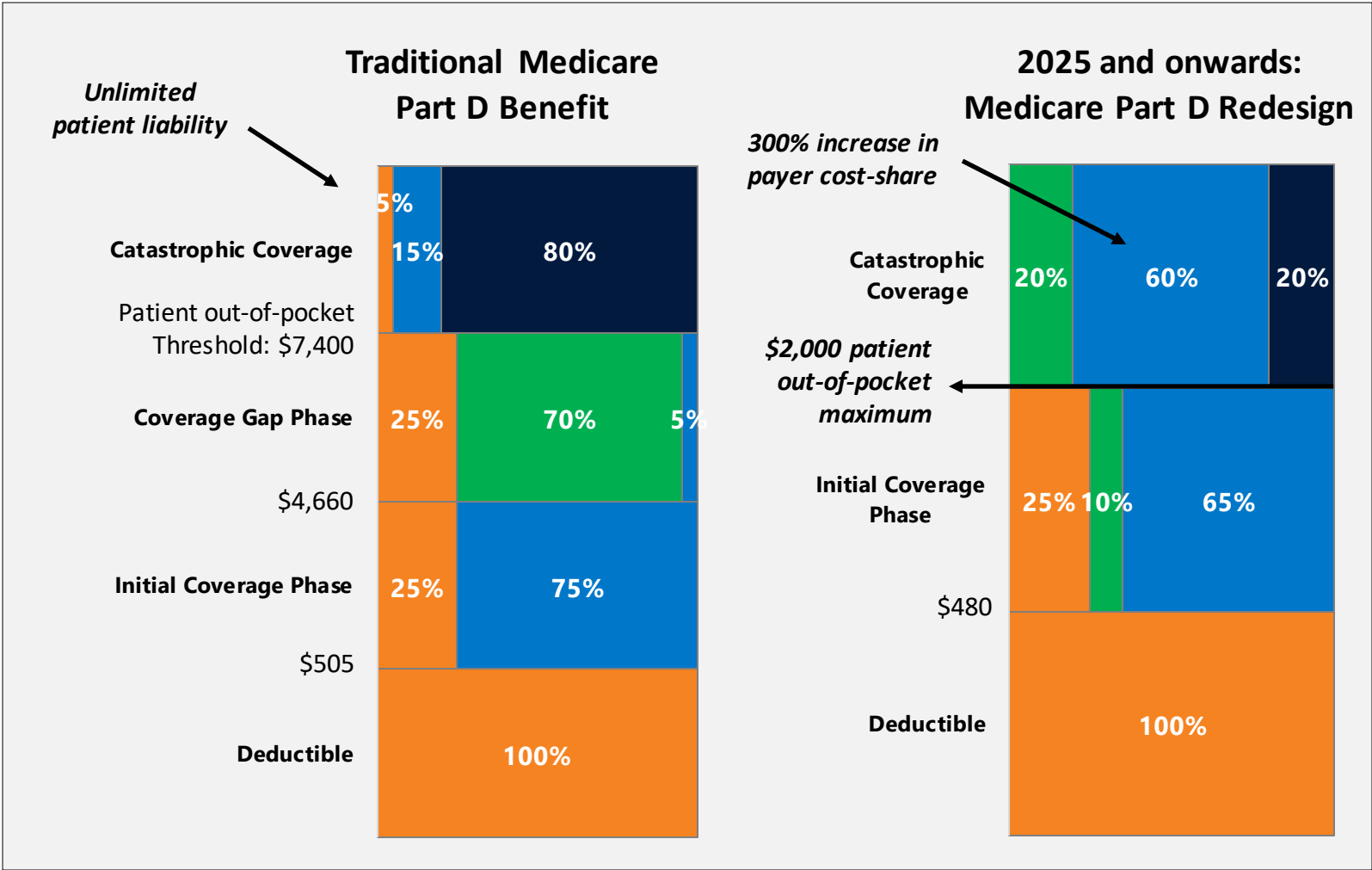
Under the IRA, CMS¹ must obtain **at least** a:

- **25% reduction** in the non-FAMP² price of negotiated drugs on market for 9-12 years
- **35% reduction** in the non-FAMP² price of negotiated drugs on market for 12-16 years
- **60% reduction** in the non-FAMP² price of negotiated drugs on market for > 16 years
OR
- Pay the **drug’s average net price after rebates** to private payers, **whichever is lower**

CMS¹ can negotiate for price cuts beyond the mandatory minimums described above. **If a manufacturer does not come to an agreement with CMS on a “maximum fair price”:**

- Its selected drug will be subject to an escalating **excise tax** worth 65-95% of its sales
- Companies may avoid paying the tax by **withdrawing all their drugs from Medicare and Medicaid**

IRA Reform to Medicare Part D Benefit Design for Self-administered Prescription Drugs



Key Changes

- **Enrollees** will no longer face unlimited liability in Part D due to the patient cost cap. (2024 is a transition year, and features a patient cost cap of ~\$3,500)
- **Plans** face 60% liability in the catastrophic phase, up from 15%
- **Manufacturers** see reduced discounts on lower-cost drugs due to elimination of “donut hole,” but pay new 20% discount in catastrophic phase
- **Federal government** has reduced Medicare cost-sharing in catastrophic phase (20% vs. 80%)
- **Not depicted:** 6% cap on Medicare premium increases, co-pay smoothing program allowing seniors to spread their out-of-pocket costs over time in monthly installments

Author Contact Information

Please reach out if you have any questions about the content of the poster

Name	Title	Email
Varun Saxena , lead author	Associate Consultant	Varun.Saxena@clarivate.com
Mengyun Liu , primary co-author	Associate	Mengyun.Liu@clarivate.com
John Stahl , co-author & poster presenter	Partner	John.Stahl@clarivate.com
Dee Chaudhary , co-author & poster presenter	Principal	Dee.Chaudhary@clarivate.com
Alan He , co-author	Director	Alan.He@clarivate.com
Margaux Cornell , co-author & poster presenter	Senior Consultant	Margaux.Cornell@clarivate.com