

Summary of the Key Health Care Provisions of the Inflation Reduction Act of 2022

Congress has enacted significant reforms that will lower the cost of prescription medications, set a maximum out-of-pocket drug limit for Medicare recipients for the first time, limit drug price increases in Medicare, and extend Affordable Care Act insurance subsidies for three years. For many years, the AAN has fought to ensure neurology patients are able to afford their medications and supported these key health care provisions prior to their enactment. The Inflation Reduction Act passed the Senate on August 7 and the House on August 12. Below is a breakdown of some key health care provisions from this bill.

Drug Price Negotiation

Since Medicare's inception, the program has been statutorily barred from directly negotiating the price of prescription medications, despite being the largest purchaser of health care in the United States. This bill will require Medicare to negotiate with manufacturers to lower the price of a limited number of high-cost older medications starting in 2026. To preserve innovation, drugs would not be eligible for drug price negotiation for at least nine years for small-molecule drugs, or at least 13 years for biologics. The Congressional Budget Office estimates that this change will save over \$100 billion.

Limiting Impact on Part B Reimbursements

Once Medicare price negotiations go into effect, it is possible that reimbursements for physician-administered Medicare Part B medications negotiated under this new program may decrease, unintentionally putting physicians and their patients in the middle of the negotiation between the government and drug manufacturers. Depending on the severity of impact, this could be unsustainable and negatively impact patient access to critical medications. The AAN has and will continue to seek changes to this bill prior to its implementation to avert this impact on patient care.

Out-of-Pocket Limit in Medicare Part D

The Inflation Reduction Act implements a \$2,000 out-of-pocket cap in the Part D program for the first time starting in 2025, while providing more modest relief during the transitional years. This change reverses a trend where increasingly patients have been required to absorb a greater share of a drug's cost, resulting in less medication adherence, medication rationing, and treatment compliance issues. This change is expected to impact more than 1 million Medicare beneficiaries, including roughly 25,000 beneficiaries who have MS based on an internal AAN analysis.

Limits Annual Increases in Drug Costs

Patients have long faced excessive annual increases in drug prices that outpace inflation, putting medications that have been on the market for decades out of reach. The Inflation Reduction Act requires drug manufacturers rebate back to Medicare the cost of any increase that exceeds the rate of inflation.

Ensuring Affordability of Health Insurance Coverage

Near the start of the pandemic, Congress temporarily enhanced health insurance subsidies for plans created by the Affordable Care Act for 2021 and 2022 to make coverage more affordable. The Inflation Reduction Act extended these through the end of 2025.