

Inflation Reduction Act of 2022 (Reconciliation Legislation)
NEA Summary of Key Health Care Provisions

Three-Year Extension of Enhanced *Affordable Care Act* (ACA) Premium Tax Credits

- Extends the enhanced credits provided by the *American Rescue Plan Act* which will prevent [13 million](#) people from experiencing an increase in ACA premiums and prevent [3 million](#) people from becoming uninsured.
- The extension significantly reduces premiums for low and middle income marketplace enrollees and caps premiums at 8.5% of income for all enrollees.

Medicare Insulin Out-of-Pocket Cap

- No deductible will apply to insulin drugs.
- Beginning in 2023, the maximum Part D copay for a 30-day supply of a plan-covered insulin will be capped to the lesser of \$35 or 25% of the negotiated price where Medicare negotiates a price.

Medicare Part D Drugs Price Negotiation

- Requires the Department of Health and Human Services (HHS) Secretary to negotiate lower prices for a specific number of drugs provided by Medicare Part D and Part B.
- While drug negotiation applies to Medicare drugs, maximum fair prices will be publically available, as well as factors that applied to the negotiated price, such as research and development costs, federal support for research, unit cost of production, clinical trial data, sales data, etc.
- Drugs with the highest expenditures in those programs are prioritized for negotiation.
- Negotiated prices can only apply for single source drugs, or those drugs with no generic or biosimilar competitor, and where specific time has lapsed after FDA approval or licensure.
- The number of drugs that can be negotiated each year are no more than: 10 for 2026, 15 for 2027, 15 for 2028, 20 for 2029, and for each year thereafter, so 60 drugs could be negotiated by 2029.
- The “maximum fair price” negotiated for these drugs will remain in effect until 9 months after a generic form of the drug is available on the market.
- CBO estimated that negotiation will reduce Medicare spending [\\$99 billion over 10 years](#).

Medicare Part D Benefit Redesign & Premium Stabilization

- Beginning in 2025, total out-of-pocket spending for Part D drugs will be capped at \$2,000 per year. This is expected to benefit [1.4 million](#) enrollees annually. This is a solid cap, which results in no out-of-pocket expenses above this amount.
- Beginning in 2023, cost sharing for vaccines recommended by the Advisory Committee on Immunization Practices, such as shingles, will be \$0. This is expected to benefit [4.1 million](#).
- The income threshold for Low Income Subsidy (LIS) eligibility for the Extra Help Program will be increased from 135% to 150% of the federal poverty level. The LIS program reduces premiums, deductibles, and other costs.
- From 2024 – 2029, premiums increases for Part D program will be capped at 6% a year and in subsequent years, it will be capped at 6% of 2029 rates.
- The 80% reinsurance provided by the government to Part D plan sponsors will be reduced to 20% for brand drugs and biologics and 40% for generic drugs.

Medicare Part B and D Inflation Caps and Rebates by Manufacturers

- Medicare Part D rebates begin in October 2022. Medicare Part B rebates begin in April 2023.
- Pharmaceutical manufacturers that increase the cost of a drug (based on Average Manufacturer Price (AMP)) faster than the inflation rate, must pay the overage to the Medicare trust fund.
- While these rebates only apply to Medicare, there is the potential for a positive impact on prices for private plans as well.