



Poster Supplement:

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



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

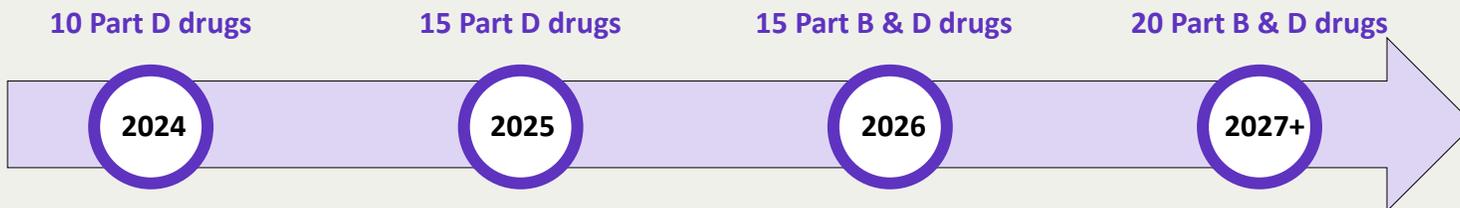
CMS¹ is negotiating the price of the following drugs, selected on the basis of high Medicare expenditure:

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

Negotiation Timeline

Additional therapies will be selected for negotiation on an annual basis



Prices become effective two calendar years after the year of negotiation

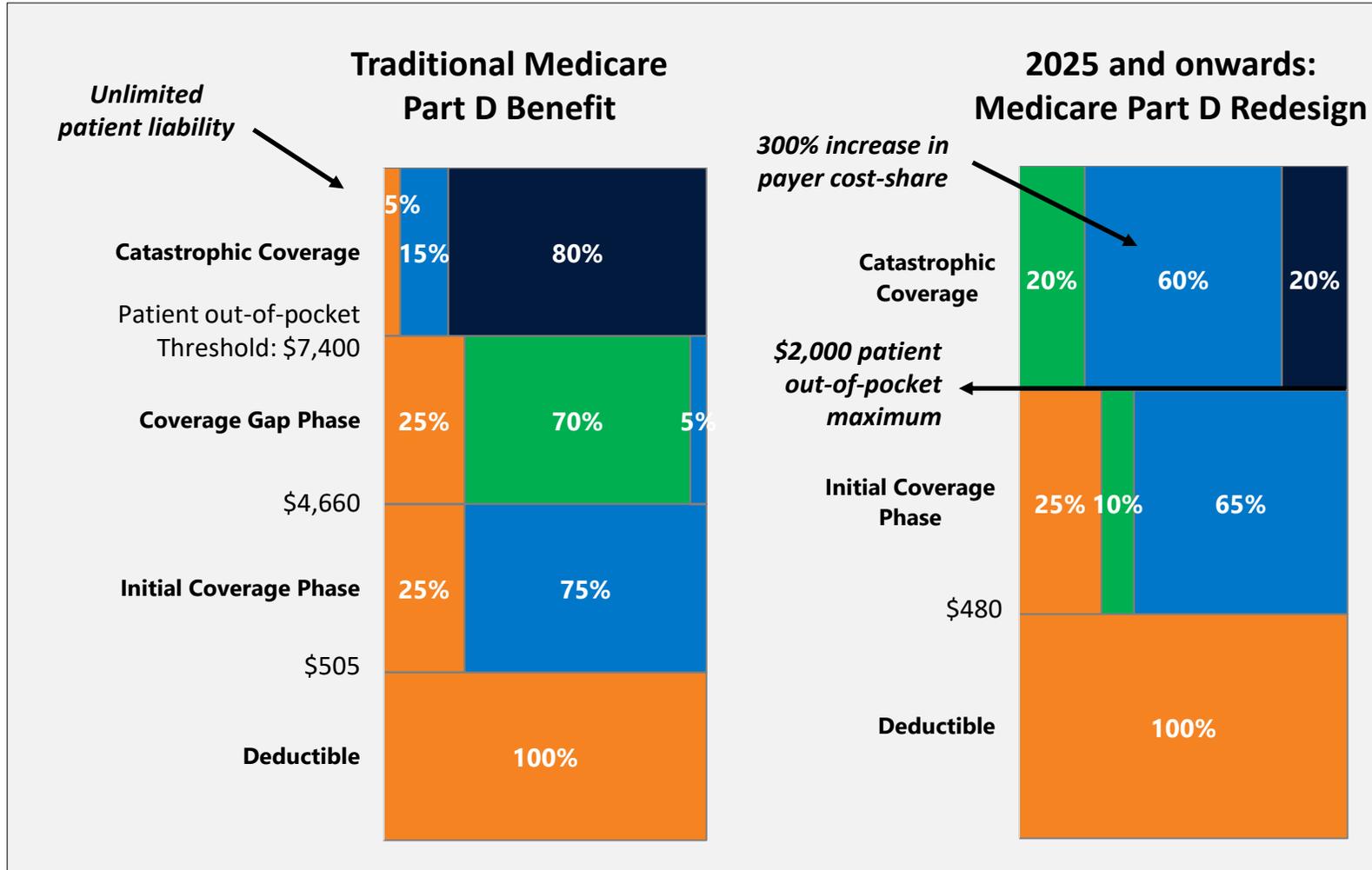
Under the IRA, CMS¹ must obtain **at least** a:

- **25% reduction** in the non-FAMP³ price of negotiated drugs on market for 9-12 years
- **35% reduction** in the non-FAMP³ price of negotiated drugs on market for 12-16 years and
- **60% reduction** in the non-FAMP³ 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

Financial Obligation: Enrolled Seniors Manufacturers Private Plans Medicare

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