

Inflation Reduction Act: Implementation Timeline

The Inflation Reduction Act of 2022 has transformed Medicare, mainly in the way Medicare pays for medications. These changes will affect patients that get their drug coverage through Medicare, including beneficiaries with **Part D** plans and **Medicare Advantage** plans. If they offer drug coverage, **Medicare HMO** plans are also included in these changes. Reforms that directly impact patients are listed below and are organized by the year they will take effect.



2023

- Insulin co-pays are limited to \$35/month and Part D deductibles won't apply to covered insulin products. Learn more about [Insulin Coverage](#)
- Vaccines recommended by the Advisory Committee on Immunization Practices (ACIP) are available at no cost.
- Lower coinsurance for Part B drugs if the drug price increased faster than inflation.
- By Sept 1, CMS announces the first 10 Part D drugs selected for the Drug Price Negotiation Program (which establishes maximum fair drug prices).

[Click here to see a detailed list of 2023 Medicare changes](#)

2024

- Elimination of the 5% coinsurance for Part D catastrophic coverage, which will cap out-of-pocket costs at approximately \$3250
- Part D premiums will not exceed a 6% increase each year (2024-2030)
- The [federal Low-Income Subsidy \(LIS\)](#) or Extra Help Program will be available to people who earn less than 150% of the federal poverty level. With full benefits, most out-of-pocket costs for prescription drugs will be covered.
- There will be a cap on Part B payment for new [biosimilars](#).
- By Sept 1, CMS publishes the maximum fair prices of the first 10 drugs in the Drug Price Negotiation Program, and prices go into effect in 2026.

2025

- People with Medicare Part D won't pay more than \$2,000 out-of-pocket for prescription drugs per year. This only applies to drugs covered by your prescription drug plan.

- ❑ People with Medicare Part D have the option to pay the \$2,000 out-of-pocket prescription drug costs in monthly installments (also called “smoothing”). To learn more, [click here](#)
- ❑ The Manufacturer Discount Program will require manufacturer discounts for applicable drugs in the initial coverage and catastrophic phases.
- ❑ Government reinsurance in the catastrophic phase of Part D will decrease from 80% to 20% for brand-name drugs, biologicals, and biosimilars and will decrease from 80% to 40% for generics.
- ❑ By Feb 1, CMS announces 15 more Part D drugs in the Drug Price Negotiation Program. By Nov 30, CMS publishes the maximum fair prices for those additional 15 drugs and prices go into effect in 2027.

2026

- ❑ Maximum fair prices for the first 10 Medicare Part D drugs in the Drug Price Negotiation Program go into effect. *(This is the first year people with Medicare will benefit from the Drug Price Negotiation Program.)* By Feb 1, CMS will announce 15 new drugs and maximum fair prices will be announced by Nov 30. Maximum fair prices go into effect in 2028.
- ❑ Government reinsurance in the catastrophic phase of Part D will be 40% for Medicare Part D drugs selected for negotiation in their applicability period.

2027 - 2029

- ❑ Additional drugs are selected for the Drug Price Negotiation Program, and maximum fair prices for new drugs are phased in each year.

