

# INFLATION REDUCTION ACT

## 2023 PROVISIONS

The Biden-Harris Administration has made expanding access to health insurance and lowering health care costs for America's families a top priority. Through the Inflation Reduction Act – one of the most consequential health care laws since the Affordable Care Act was signed into law – President Biden is delivering on his promise to lower prescription drug costs, make health insurance more affordable, and make the economy work for working families.

### OVERVIEW

For decades, Americans have spent more on prescription drugs than people in other countries – paying two to three times more for the same drugs. The Biden-Harris Administration has made lowering high prescription drug costs in America a key priority, and the Inflation Reduction Act makes changes to Medicare so that millions of people with Medicare will spend less on their prescriptions.

**Major provisions of the Inflation Reduction Act already in effect include free vaccines, insulin cap, rebates for drug manufacturers increasing prices faster than inflation, ACA subsidies, and biosimilars.**

### FREE VACCINES

Recommended preventative vaccines are free of charge for people with Medicare prescription drug coverage as of January 1, 2023.

Most notably, the list of vaccines includes shingles and Tdap. This will provide significant savings for Medicare enrollees, as the shingles vaccine alone can cost up to a few hundred dollars.

### INSULIN CAP

A month's supply covered insulin is capped at \$35 and there is no deductible for these products for people with Medicare prescription drug coverage as of January 1, 2023.

More than a million Medicare beneficiaries with diabetes will benefit from this \$35 cap per month per covered prescription. Currently, nearly a quarter of Medicare beneficiaries taking insulin spend more than \$70 a month on insulin.

A variety of Medicare prescription drug plans cover insulin. Help is available for people with Medicare who take insulin, and we encourage them to call **1-800-MEDICARE** if they need assistance in exploring options to find the plan that works best for them.



**IMPROVING COVERAGE  
AND LOWERING  
OUT-OF-POCKET COSTS**



**FREE RECOMMENDED  
VACCINES TO INCLUDE  
SHINGLES & TDAP**



**\$35 MONTHLY CAP  
FOR EACH COVERED  
INSULIN PRESCRIPTION**



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## REBATES FOR DRUG MANUFACTURERS

Manufacturers will need to pay rebates to Medicare if their price increases for certain drugs exceed inflation. This rebate obligation began October 1, 2022, in Part D and began January 1, 2023, in Part B.

For decades, Americans have paid higher prices for prescription drugs than people in other countries. U.S. prescription drug prices are more than double (2.56 times as high) those in other high-income countries. The Biden-Harris Administration has made lowering high prescription drug costs in America a key priority.

If the Inflation Reduction Act had been in place from July 2021 to July 2022, more than 1,200 prescription drugs potentially would have been subject to the new provision requiring drug manufacturers to pay rebates to Medicare if they enact price increase that exceed inflation. Price increases on those drugs in the month the price change took effect averaged more than 30%.

## ACA SUBSIDIES

During Marketplace Open Enrollment this year, more people are qualified for help purchasing affordable high-quality health coverage.

Thanks to Inflation Reduction Act subsidies, 13 million Americans will continue to save an average of \$800 per year on their health insurance. Four out of five Americans are able to find a plan for \$10 or less after subsidies.

With the continued record affordability due to Inflation Reduction Act subsidies, enrollment continues to outpace previous years. As of December 15, 2022, nearly 11.5 million people nationwide selected a health plan for coverage starting January 1, 2023. About 1.8 million more people have signed up for health insurance, an 18% increase from this time last year.

## BIOSIMILARS

On October 1, 2022, HHS implemented the Medicare Part B payment changes for certain qualifying biosimilars to increase competition and reduce prices. A biosimilar is a biological product that is highly similar to and has no clinically meaningful differences from an existing FDA-approved reference biological product.

Many biosimilars are life-saving medicines that treat conditions such as diabetes, cancer, and immune disorders. The goal of this provision is to increase access to biosimilars, as well as to encourage competition between biosimilars and reference biological products, which may, over time, lower drug costs and lead to savings for beneficiaries and Medicare.