



New Medicare reforms are law – what's next?

The timeline and impact of six key Medicare reforms

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 **PAN** Foundation

Meet the presenter



Amy Niles

Chief Advocacy and Engagement Officer
PAN Foundation

- Oversees PAN's relations and partnerships with the patient advocacy community and leads public policy and advocacy initiatives
- 100+ meetings on Capitol Hill advocating for affordability
- Featured in TIME Magazine, Huffington Post, and more addressing the urgent need for improved access to affordable treatment for people on Medicare

Today's agenda

- A brief overview of Medicare
- Medicare reforms passed through the Inflation Reduction Act
 - Vaccines without co-pays
 - Insulin co-pays capped at \$35/month
 - Extra Help expansion
 - Elimination of 5% coinsurance in the catastrophic phase
 - Annual cap on out-of-pocket costs
 - Monthly limits on out-of-pocket costs
- Answering your questions

A brief history of the Medicare program (and challenges we have faced)

Medicare timeline

1965

1972

1980s

2006

1965

- Federal health insurance program called Medicare established for people over the age of 65

1972

- Medicare expands to cover people under the age of 65 who live with a long-term disability

Medicare timeline

1965

1972

1980s

2006

1980s

- Rise in innovation and specialty drugs; out-of-pocket medication costs begin to increase

2006

- Medicare Part D created, providing coverage for outpatient prescription drugs



48.9 million

out of the 62 million people covered by Medicare were enrolled in
Medicare Part D plans in 2021

The Medicare alphabet

Part A

Hospital insurance

- Inpatient hospital stays
- Care in a skilled nursing facility
- Hospice care
- Some health care
- It does not cover regular doctor visits or prescription drugs

Part B

Medical insurance

- Certain doctor's services
- Outpatient care
- Lab tests
- Medical equipment
- Preventative services
- Ambulances

Part C

Medicare Advantage

"All in one" alternative to Original Medicare

- Covers benefits included with Original Medicare
- Sometimes covers: dental care, vision benefits, over-the-counter items, etc.
- May include prescription drug benefits

Part D

Prescription coverage

- Prescription drugs
- Part D plans are offered by private companies approved by Medicare

About people with Medicare



More than 10,000 people
age into Medicare every
day



More than half of all
people with Medicare
insurance have an annual
income below \$30,000
(per person)



8 out of 10 older adults live
with at least one chronic
condition



6 out of 10 older adults
live with at least two
chronic conditions

When out-of-pocket costs are too high...

Too many people walk away from the pharmacy counter

- Studies show that 4 out of 10 people will abandon their prescriptions when out-of-pocket costs increase to \$125
- Between 2017 and 2020, one study found that 3.27% of prescriptions were never picked up
 - That's between 100 and 200 million prescriptions left at the pharmacy counter every year



The impact of high out-of-pocket costs

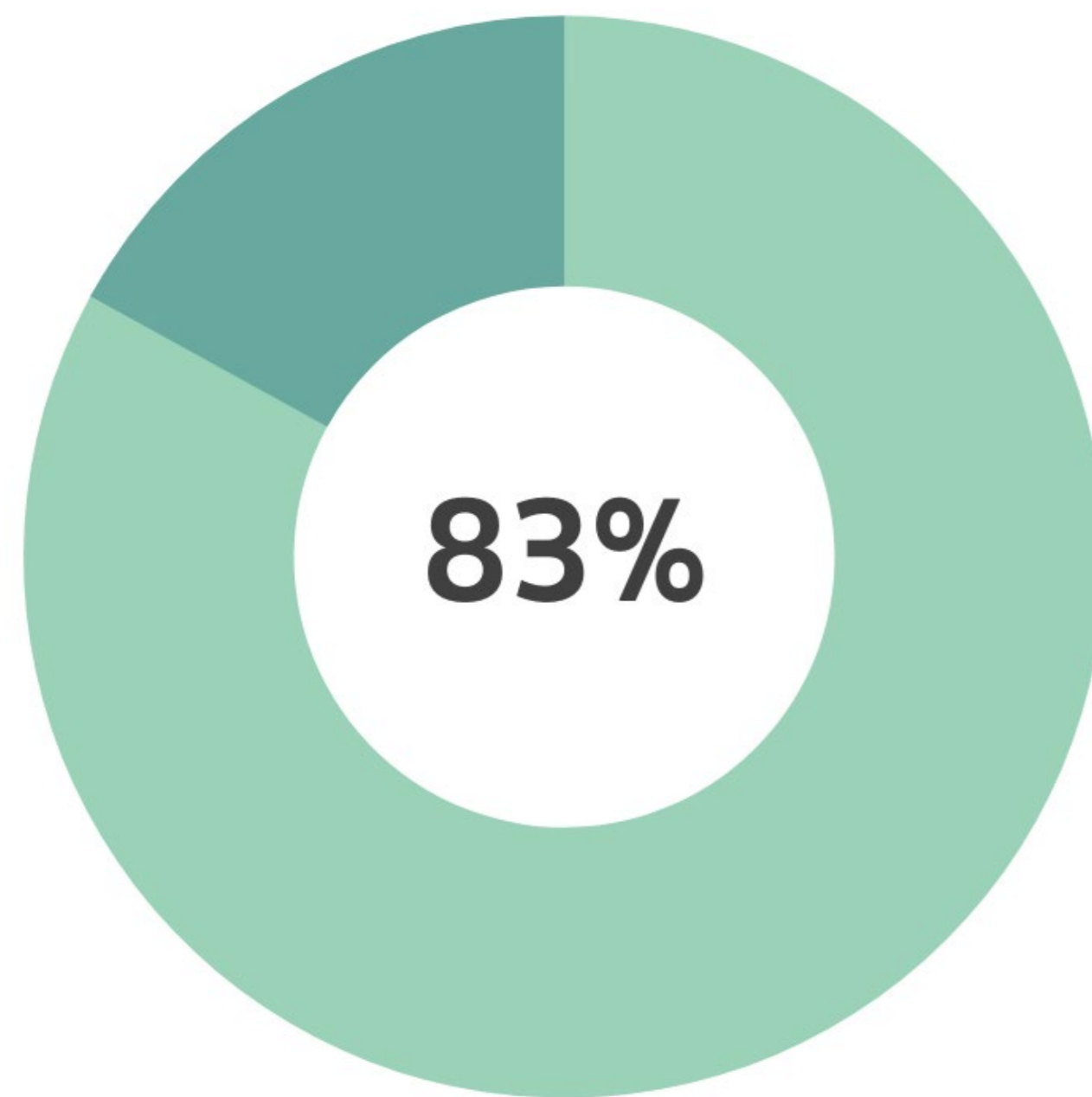
- Annually, this medication non-adherence contributes to nearly \$300 billion in annual avoidable healthcare costs and 125,000 potentially avoidable deaths
- 1 out of 3 people have abandoned their medications

Other unfortunate scenarios also occur

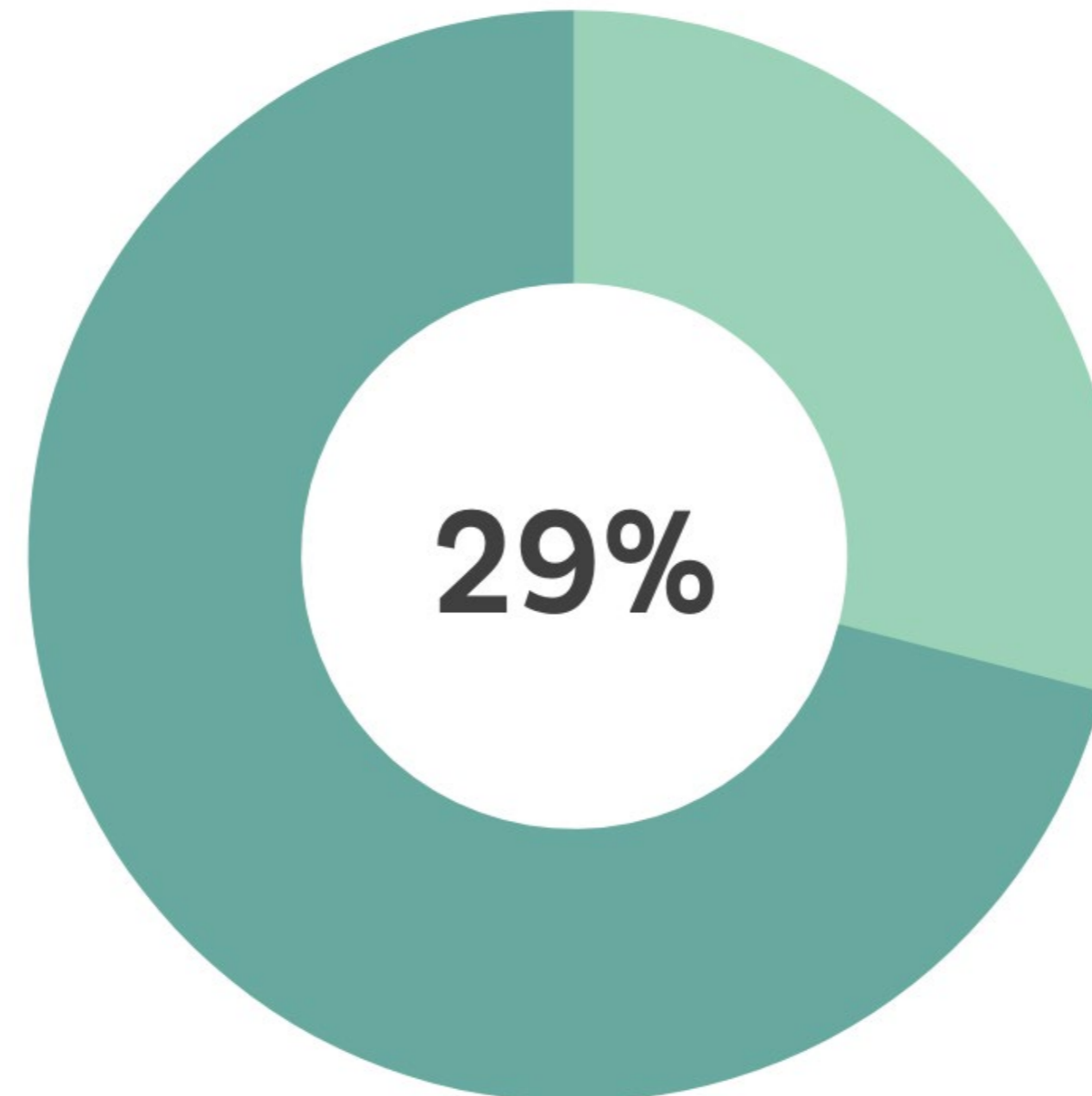
- Cut pills in half
- Skip doses



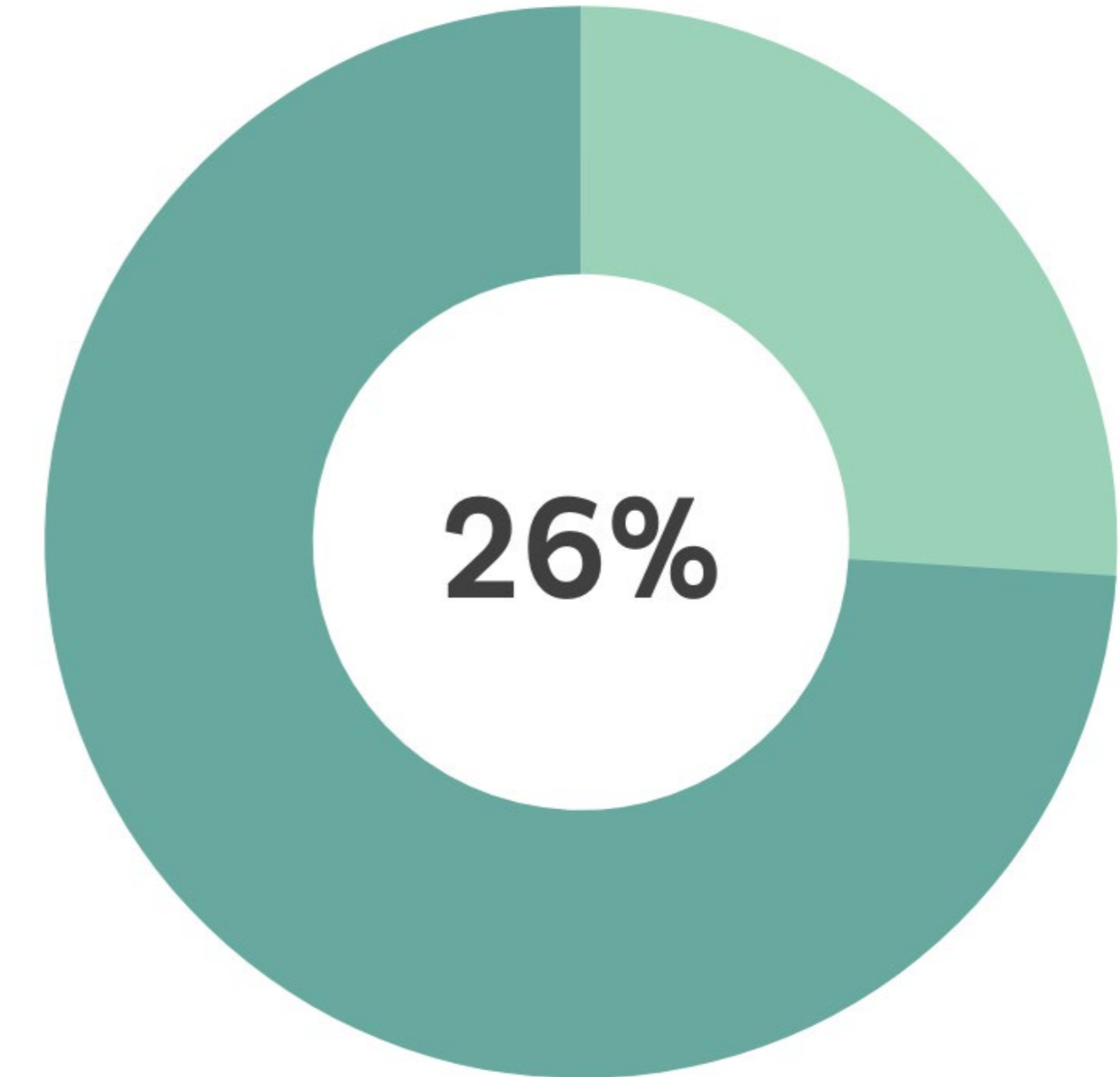
Americans are concerned about the cost of prescription drugs



83% of adults think the cost of prescription drugs is unreasonable



29% say in the last year, they have not taken prescription medicines as directed because of cost



26% of adults say it is very difficult for them to afford to pay for their prescription drugs

But hope is on the horizon

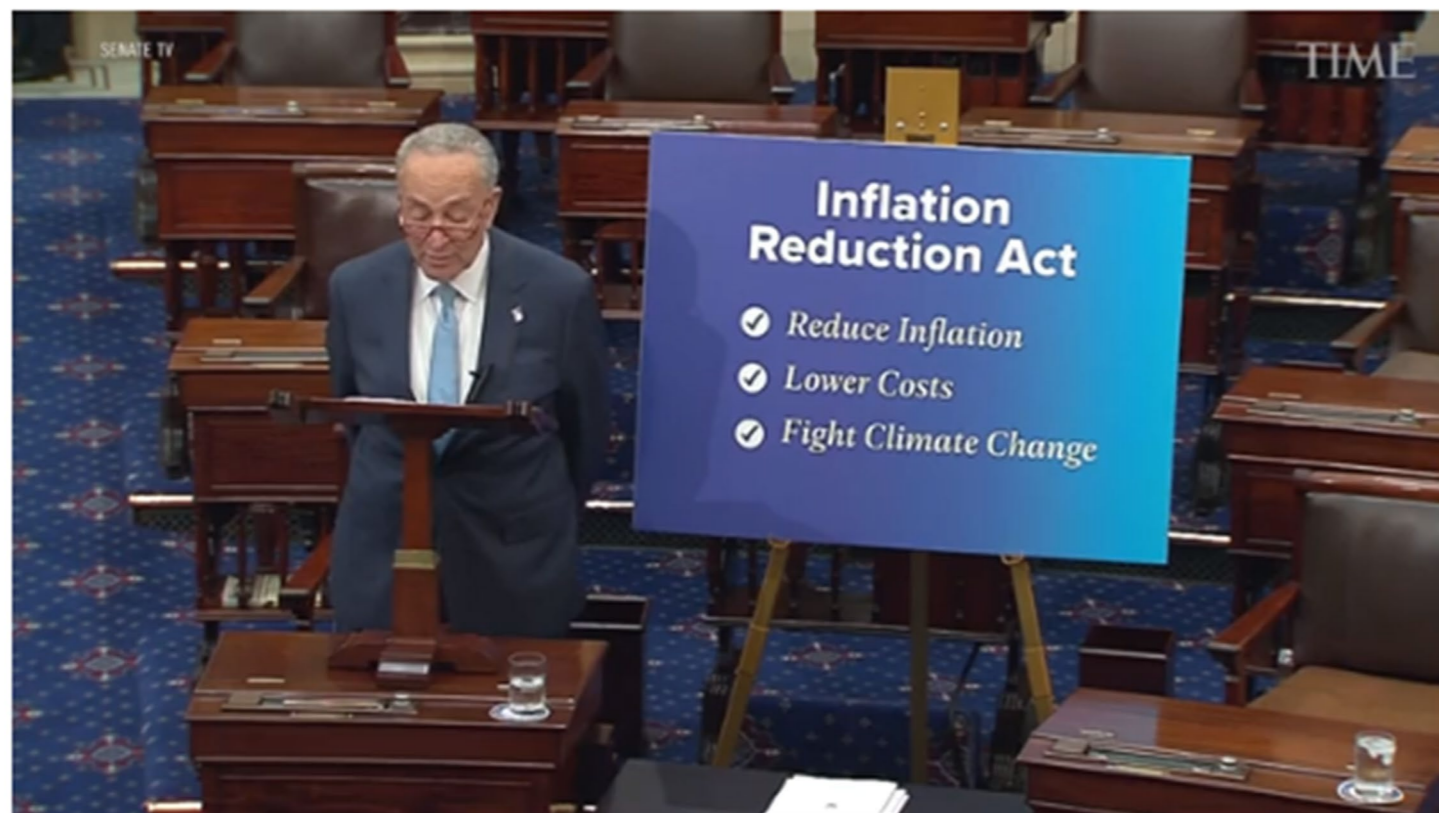
Biden signs sweeping bill to change, lower health-care costs

By Amy B. Wang

Updated August 16, 2022 at 4:39 p.m. EDT | Published August 16, 2022 at 8:47 a.m. EDT



How the Inflation Reduction Act Could Lower Your Drug Costs



BY ABIGAIL ABRAMS

UPDATED: AUGUST 12, 2022 5:43 PM EDT | ORIGINALLY PUBLISHED: AUGUST 8, 2022 4:31 PM EDT

Democrats have passed a sweeping health care achievement that will address one of the country's most intractable problems: high prescription drug costs.

POLITICS MEDICARE DRUG PRICES INFLATION REDUCTION ACT

This Is The Most Underappreciated Part Of The Democratic Prescription Drug Bill

Some Medicare recipients spend more than \$10,000 a year on lifesaving medication. That could change.

By Jonathan Cohn

Aug 6, 2022, 08:00 AM EDT



Lisa McRipley has been living with [multiple sclerosis](#) for more than a decade. And although the condition eventually forced her to leave the workforce and move from California to be with family in Michigan, she has remained active — volunteering with MS advocacy groups, participating in church activities — with the help of medication that slows the disease's progression and reduces the severity of symptoms.

But the treatment is expensive, and McRipley's drug coverage, through Medicare, leaves her on the hook for hundreds of dollars, and sometimes more than a thousand dollars, in out-of-pocket costs when she fills the prescriptions at the pharmacy. Paying is a real struggle on a fixed income, McRipley told HuffPost in an interview, but going without the medication isn't an option, as she discovered the hard way this summer, when she stopped taking some of her pills briefly and within a week started losing mobility, dexterity and her sense of balance.

to law the [Inflation Reduction Act](#),
p down on inflation, lower
change, reduce the deficit and
e [largest corporations](#).



Foam Boar

1 for \$17.49

Historic Medicare reforms

Timeline for Medicare reforms



2023

1. Vaccines without co-pays

2. Insulin co-pays limited to \$35/month



2024

1. Giving more people “Extra Help”

2. Elimination of 5% coinsurance for catastrophic phase



2025

1. A \$2,000 annual cap on prescription costs

2. Monthly payments that can “smooth” yearly out-of-pocket costs for prescription medications

2023



No co-pays for
vaccines



Insulin co-pays capped
at \$35 per month

Vaccine coverage under Medicare

Type of vaccine	Covered by Medicare Part B?	Covered by Medicare Advantage and Medicare Part D?
Chicken pox (varicella)		✓
COVID-19	✓	
Flu	✓	
Hepatitis A (when medically necessary)		✓
Hepatitis B (if at increased risk)	✓	
Measles, mumps, rubella (MMR)		✓
Meningococcal (meningitis)		✓
Pneumococcal (pneumonia)	✓	
Shingles/herpes zoster		✓
Tetanus (if needed)	✓	
Tdap (tetanus, diphtheria, and pertussis [also called whooping cough])		✓
Rabies (if needed)	✓	



What you need to know:

no co-pays for vaccines

Before reforms:

- Some co-pays for vaccines in Medicare Part D, such as for shingles.
- In 2019, cost per dose for the shingles vaccine varied across plans: \$60 – \$167.
 - Two doses are required (\$120 – \$320 total)

After reforms:

- On January 1, 2023, people with Medicare Part D will pay zero co-pays for vaccines that are recommended by the Advisory Committee on Immunization Practices.



What you need to know:

insulin co-pays capped at \$35/month

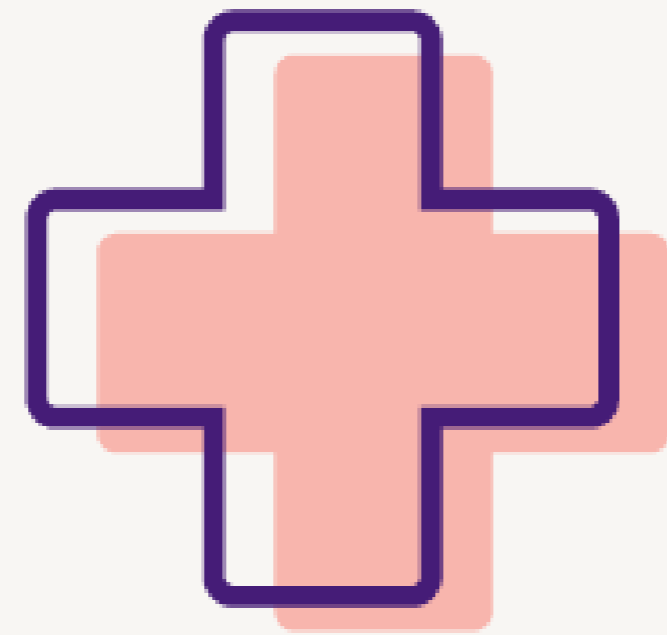
Before reforms:

- Each year, people with Medicare Part D insurance have spent \$1 billion on out-of-pocket costs for insulin.

After reforms:

- On January 1, 2023, people with Medicare will pay no more than \$35 per month for their insulin products – included under Part D and Part B.
- No deductibles will apply.
- Plans are not required to cover all insulin products, but the products they cover will be capped at \$35/month.

2024



Expanded eligibility for
the federal Low-Income
Subsidy, or Extra Help
program



Elimination of 5%
coinsurance in the
catastrophic phase



What you need to know:

Low-Income Subsidy or “Extra Help” program

Before reforms:

- In 2022, 12.8 million Part D enrollees (26% of all Part D enrollees) received premium and cost-sharing assistance through the Part D Low-Income Subsidy (LIS) program.

After reforms:

- On January 1, 2024, more people will be eligible to qualify for this assistance.

Current law:

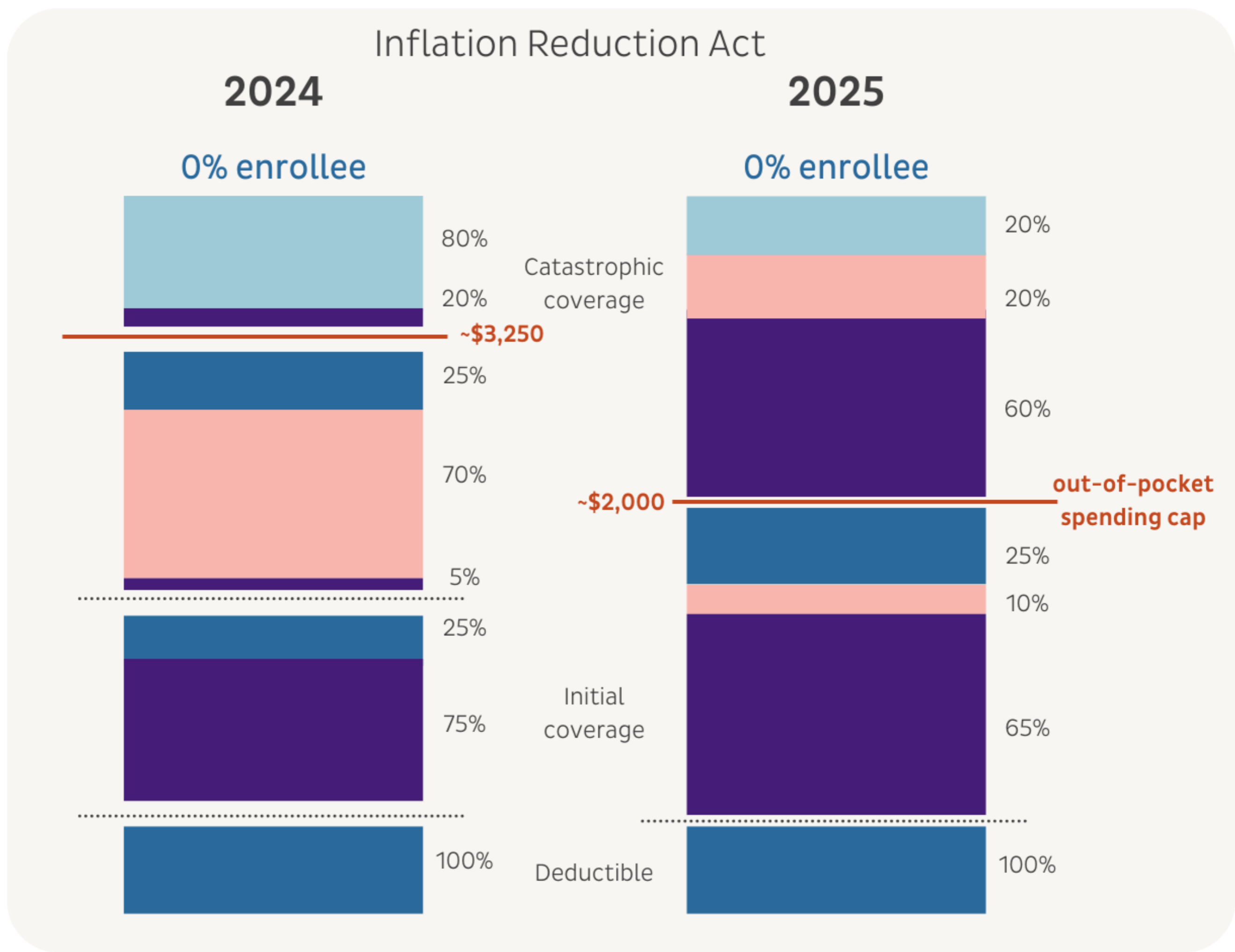
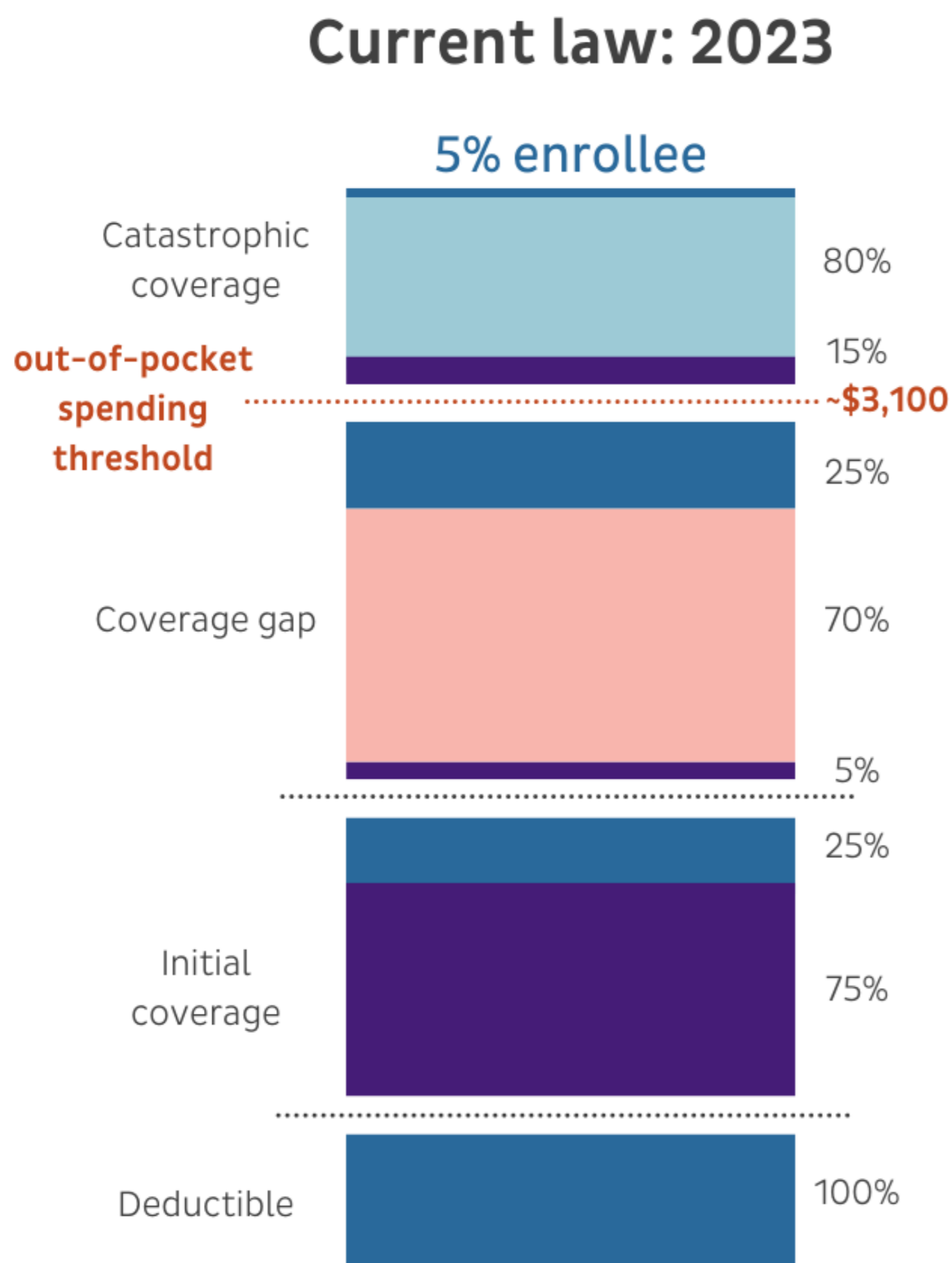
- People under 135% of federal poverty level (FPL) and lower resources are eligible for maximum or "full" assistance.
- People between 135% and 150% and higher resources are eligible for some ("partial") assistance.

Household size	135% of FPL	150% of FPL
One person	\$18,346.50	\$20,385.00
Two people	\$24,718.50	\$27,465.00

2022 federal poverty levels (FPLs); source: Healthcare.gov

On January 1, 2024, eligibility for maximum assistance is expanded to people living up to 150% of FPL and higher resources.

Changes to Medicare Part D for brand-name drug costs



Share of brand-name drug costs paid by:

- Enrollees
- Part D Plans
- Drug manufacturers
- Medicare



Recap:

lowering out-of-pocket costs 2023-2025

- **2023** – no changes
- **2024** – 5% coinsurance eliminated, meaning on average people will spend no more than \$3,250 out of pocket annually
- **2025** – \$2,000 annual cap on out-of-pocket costs

2025

You must opt-in
to smoothing!

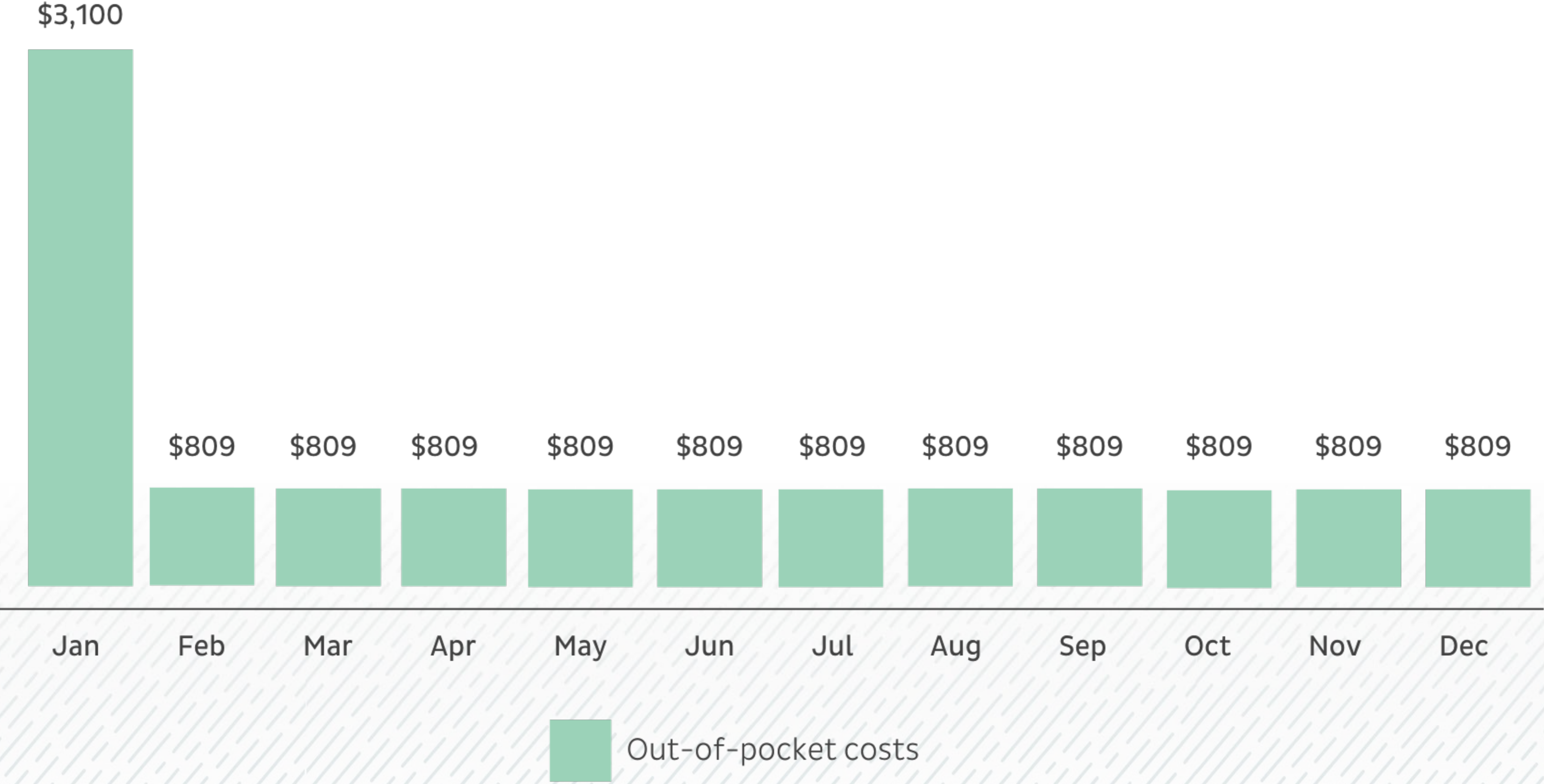


\$2,000 annual cap
on out-of-pocket
spending for people
with Medicare Part D

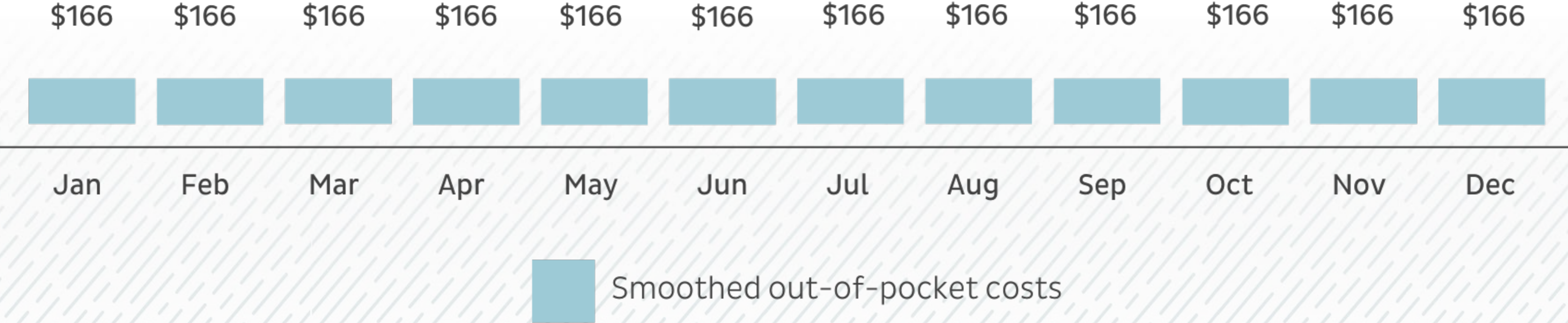


Option for monthly
payments to **smooth** out
total out-of-pocket
responsibility throughout the
year, with an overall monthly
maximum

2023: Distribution of \$12,000 in out-of-pocket costs



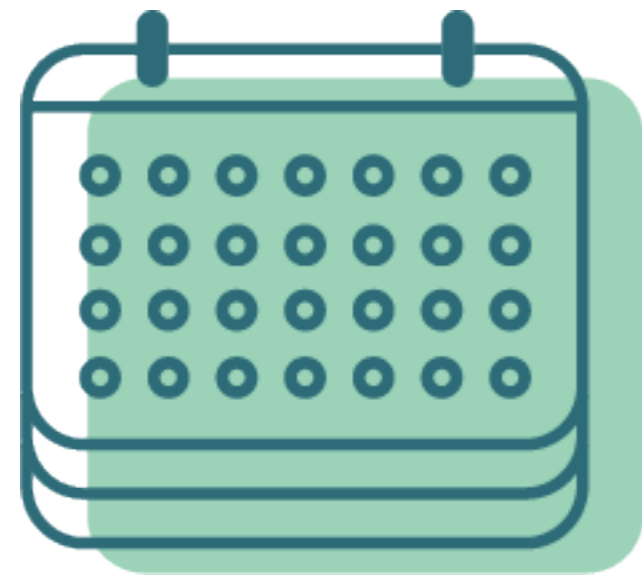
2025: Monthly OOP costs, \$12,000 annually, smoothed across 12 months of treatment



Medicare Part D premiums

For the period of 2024 to 2030, increases in Medicare Part D premiums will not exceed 6% each year.





What you need to know:

option for monthly payments to “smooth” out-of-pocket spending

**You must opt-in
to smoothing!**

Before reforms:

- People with Medicare insurance spend the most in January, after their deductibles reset.
- Some people, especially those needing specialty medications, could face a bill for thousands of dollars at the pharmacy counter.

After reforms:

- Beginning on January 1, 2025, people with Medicare Part D will have the option to pay for their out-of-pocket prescription costs in monthly installments, with a monthly limit on spending.

Key takeaways

- Two important changes take effect in a few months
 - No co-pays for vaccines
 - Monthly \$35 cap on insulin
- Annual limit on out-of-pocket costs is coming
 - Relief starts in 2024
 - \$2,000 annual limit in 2025 + smoothing
- \$2,000 out-of-pocket is still a lot of money for many
- The PAN Foundation is here to help with your out-of-pocket prescription costs

Key takeaways

- Your Medicare Part D plan should be providing updates as they become effective
- We will email you a:
 - Recording of this presentation
 - Copy of the slides we shared today
 - Few extra resources, including a printable graphic so you can keep track of when these changes will take place
- Want to stay up-to-date on these changes? Need help paying for your prescriptions? Visit our website: panfoundation.org
- Medicare enrollment or changes to plans you are already enrolled in can be made during the Open Enrollment Period: October 15 – December 7
 - These Medicare reforms will **not** affect open enrollment

Meet the guests



George Valentine

PAN Foundation grant recipient
and patient advocate



Joan Durnell Powell

PAN Foundation grant recipient
and patient advocate

Questions



Frequently asked question:

Why are these changes taking so long to take effect?

- It has taken at least 10 years to convince Congress that changes to the Medicare program were needed.
- We are grateful that these important health provisions are finally enacted.
- We know that CMS likely needs time to figure out how implementation will work behind the scenes.



Frequently asked question:

Will I be alerted before each change takes effect?

- You should receive information from Medicare and your Part D plans about these provisions before they go into effect.
- PAN will also be here along the way to continue to educate patients and providers about important timelines and next steps.



Frequently asked question:

How will these changes affect my insurance?

- These changes will not affect your current Medicare enrollment and should not impact your decisions around open enrollment.
- We encourage all of you to make sure you select plans that best match your current prescription and medical needs.



Frequently asked question:

Will this affect Medicare Part C drug costs?

- Medicare Part C relates to Medicare Advantage plans.
- The provisions apply to Medicare Advantage plans that have Prescription Drug Plans.



Frequently asked question:

Will these changes apply to all specialty tiers and medications? Are any drugs excluded from the Part D cap?

- These changes apply to all Part D plans and medications covered by the Medicare program, regardless of specialty tiers.
- The cap relates to one's out-of-pocket costs, no drugs are excluded.



Frequently asked question:

Will I have to take a different medication to get these savings?

- You should not have to change medications in order to benefit from the Part D cap and smoothing.
- Ultimately, what medication is best for you is a decision between you and your health care provider.



Frequently asked question:

How will these changes affect a patient's grant that they have with PAN?

- These changes will not affect grants for those currently receiving financial assistance from the PAN Foundation.
- If you are a provider, the process for enrolling patients in grants is not changing.
- We will continue to evaluate our programs and assistance amounts, and any future changes will be included on our website.



Frequently asked question:

Did the Inflation Reduction Act include expansion of dental, vision, and hearing benefits for people on Medicare?

- At PAN, we have long advocated for expansion of these benefits in the Medicare program. Unfortunately, it does not include expansion of coverage for these services.
- However, there is some good news related to hearing aids:
 - More affordable hearing aid options are about to become a reality, thanks to a new category of over-the-counter (OTC) hearing aids established by the U.S. Food and Drug Administration (FDA) in August 2022.
 - The average price of OTC hearing aids could be several thousand dollars cheaper than that of prescription hearing aids, and available in stores and online any day, without needing a hearing exam, prescription, or fitting appointment.



Frequently asked question:

I'm not quite of Medicare age, still on the exchanges. Is there anything in the Inflation Reduction Act relating to the ACA?

- In 2021, the American Rescue Plan Act temporarily lowered health care costs for most Marketplace consumers by increasing financial assistance based on income level.
 - These enhanced premium subsidies have been extended through the end of 2025.



Frequently asked question:

Getting prior authorization is such a problem, and it can have such a negative impact on patient care. Is anything being done about this?

- The House of Representatives passed H.R. 3173 which is called “Improving Seniors’ Timely Access to Care Act” to establish requirements and standards relating to prior authorization for Medicare Advantage plans.
- H.R. 3173 has not been considered yet in the Senate, but the bill does have considerable support among Senators. It is possible that something could happen by end of year.



Frequently asked question:

**I have heard a lot about drug pricing legislation.
What is included in the Inflation Reduction Act?**

- In addition to the Medicare reforms, the Inflation Reduction Act also addresses drug prices.
- For the first time, the federal government will negotiate prices for some top-selling drugs covered under Medicare Part D, beginning in 2026, and Medicare Part B, starting in 2028.
- Additionally, drug manufacturers, beginning in 2023, will be required to pay what's called rebates, back to the federal government if drug prices in Part B and Part D increase faster than the rate of inflation.



Frequently asked question:

Are there any disadvantages to these Medicare reforms?

- As with any legislation there could be unintended consequences.
- But it is really too early to tell. We have to wait for implementation to see what the potential impacts could be.



Frequently asked question:

How can I get more information about these reforms if I still have questions?

PAN Foundation resources

- Visit www.panfoundation.org
- Email us at education@panfoundation.org

Other resources

- www.Medicare.gov or 1-800-MEDICARE (1-800-623-4227)
- National Council on Aging: www.ncoa.org
- State Health Insurance Assistance Program: www.shiphelp.org



Have questions?

Email us at
education@panfoundation.org
if you have questions or want
more information about the
Medicare health provisions
discussed today.

Thank you!