

Medicare Beneficiary Impact of the Inflation Reduction Act

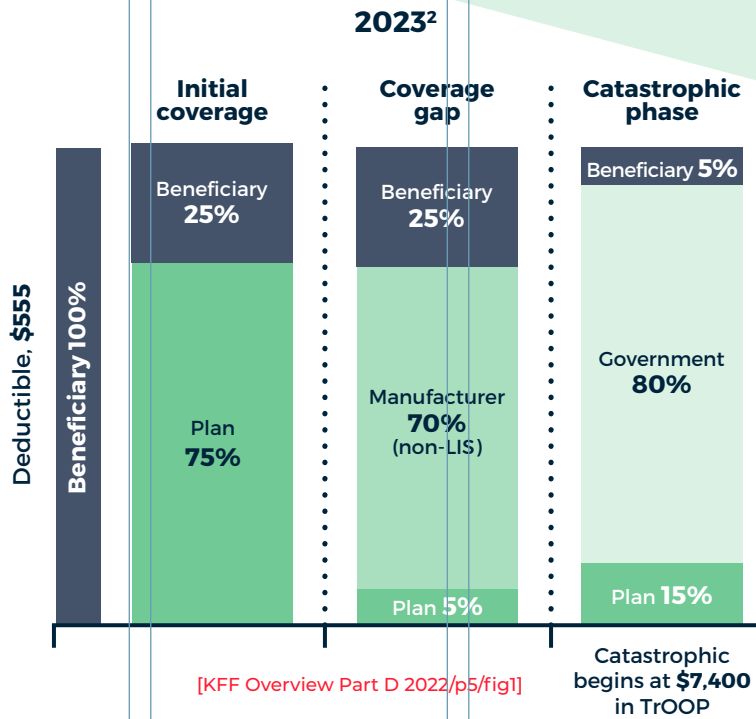


With respect to health care, the overarching goal of the Inflation Reduction Act is to **lower prescription drug costs** for people with Medicare and **reduce drug spending** by the federal government.¹ [KFF Explaining IRA 2023/p1/para1]

Capping Out-of-Pocket Spending for Medicare Beneficiaries

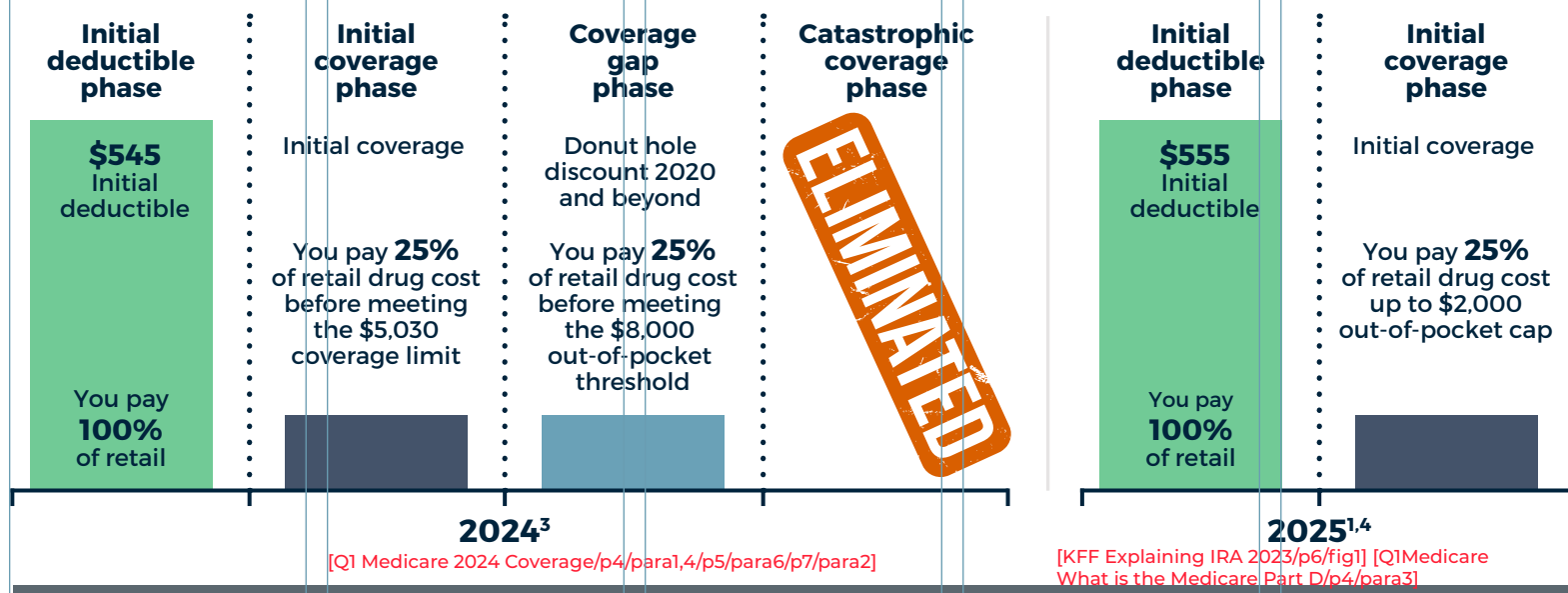
There are multiple phases in the current Medicare Part D benefit design.¹ [KFF Explaining IRA 2023/p6/para2]

Currently, there is no limit on the total amount that Medicare Part D beneficiaries pay out of pocket each year for their drugs.¹ [KFF Explaining IRA 2023/p6/para2]



Future impact of the Inflation Reduction Act (2024 and 2025)

Branded Drugs



The catastrophic phase is eliminated for the Medicare Part D beneficiary in 2024.

In addition, beginning in 2025, a Medicare Part D beneficiary's out-of-pocket spending will be capped at \$2,000 and will be indexed to the rate of increase in per capita Part D costs in future years.¹ [KFF Explaining IRA 2023/p6/para4]

Medicare Beneficiary Impact of the Inflation Reduction Act

Expanded Eligibility for Part D Low-Income Subsidies (LIS)

Providing varying levels of assistance to Medicare beneficiaries at different income and asset levels up to 150% of the poverty level, the Part D Low-Income Subsidy (LIS) Program also known as Extra Help, assists beneficiaries with their Part D premiums, deductibles, and cost sharing.^{1,5}

[Medicare.gov 2023/p1/para1] [KFF Explaining IRA 2023/p10/para3]

Partial LIS (Partial Help)



Income Level¹

Income between **135-150%** of poverty

[KFF Explaining IRA 2023/p10/para4]



2022 Resources¹

Resources up to **\$15,510** individual, **\$30,950** couple

[KFF Explaining IRA 2023/p10/para4]



2023 Plan Premium⁵

Varies based on your income

[Medicare.gov 2023/p2/chart1]



2023 Plan Deductible⁵

No more than **\$104**

[Medicare.gov 2023/p2/chart1]



2023 Prescriptions⁵

- No more than 15% of the cost for each covered drug
- Once the total drug costs (**what both you and your plan pay**) reach \$7,400, you'll pay no more than:
 - \$4.15 for each generic drug
 - \$10.35 for each brand-name drug

[Medicare.gov 2023/p3/chart1]

Full LIS (Full Help)



Income Level¹

Up to **135%** of poverty

[KFF Explaining IRA 2023/p10/para4]



2022 Resources¹

Up to **\$9,900** individual, **\$15,600** couple

[KFF Explaining IRA 2023/p10/para4]



2023 Plan Premium⁵

\$0

[Medicare.gov 2023/p2/chart1]



2023 Plan Deductible⁵

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[Medicare.gov 2023/p2/chart1]

Starting in 2024, the Inflation Reduction Act makes individuals eligible for full benefits under the Part D Low-Income Subsidy Program with incomes up to 150% of poverty and resources at or below the limits for partial LIS benefits. For individuals with incomes between 135% and 150% of the poverty level, this law eliminates the partial LIS benefit that is currently in place.¹

[KFF Explaining IRA 2023/p10/para6]

Dual eligible beneficiaries, who are enrolled in both Medicare and Medicaid, automatically receive full LIS benefits.¹

[KFF Explaining IRA 2023/p10/para4]

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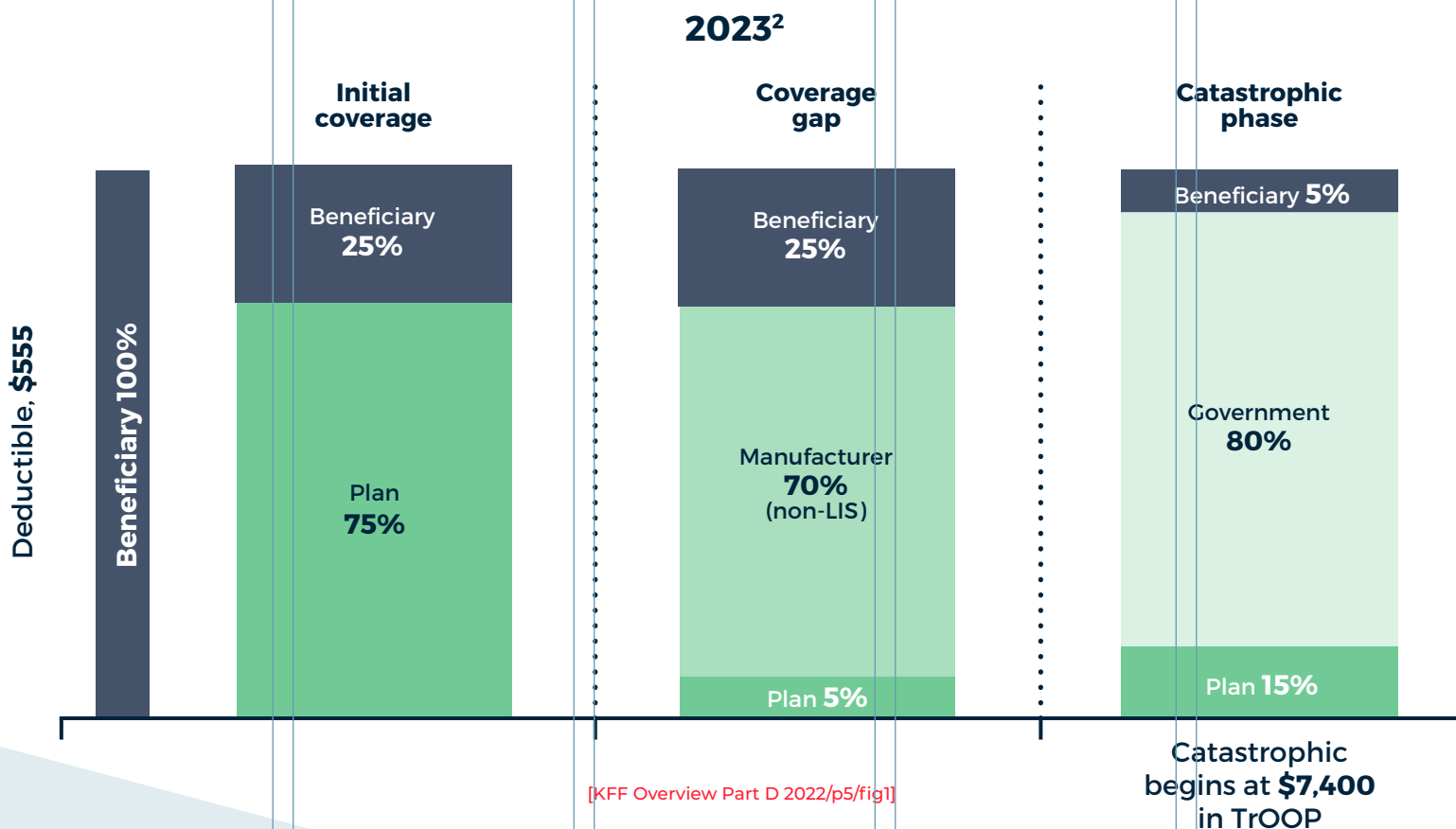
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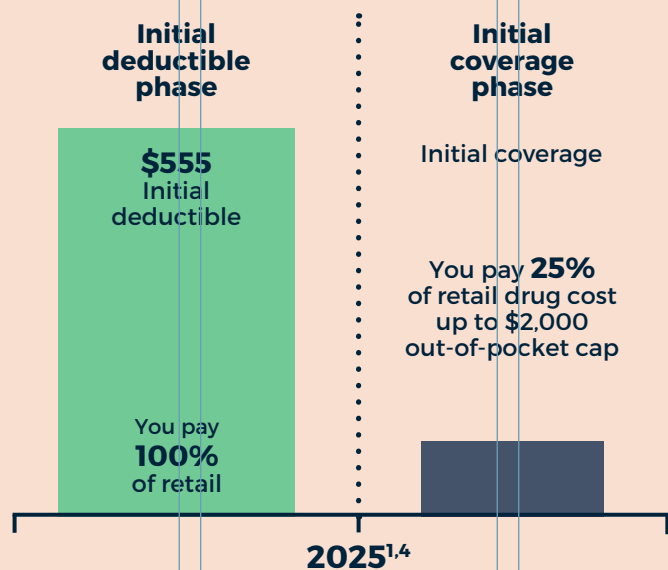
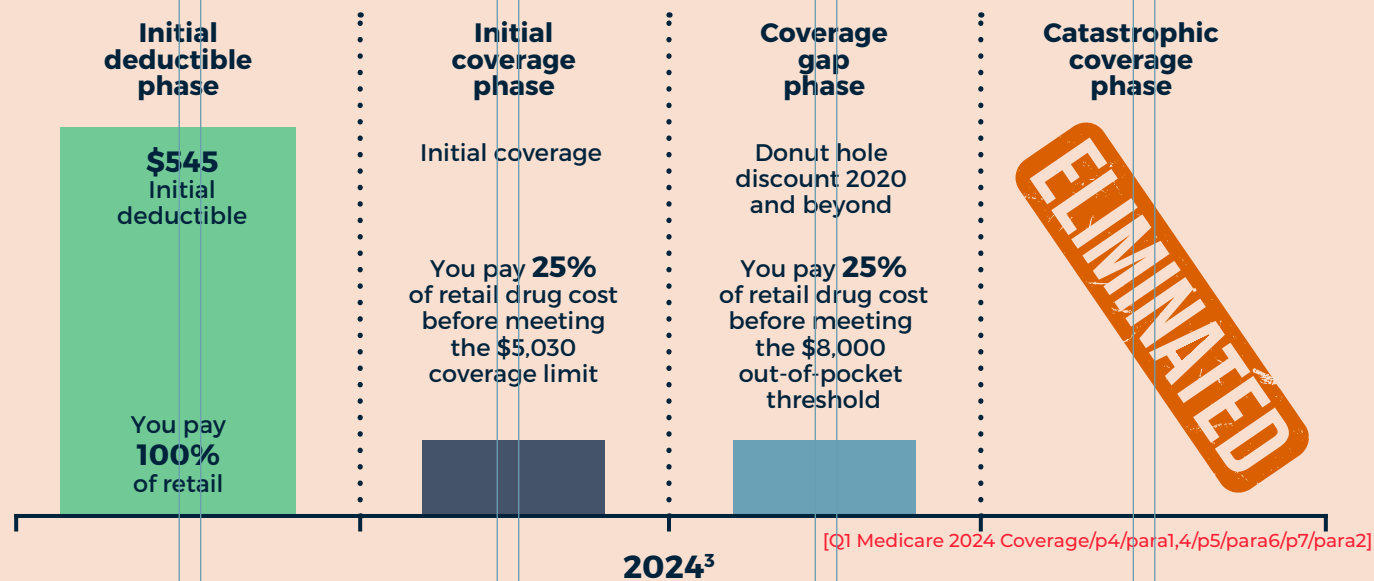
[KFF Explaining IRA 2023/p6/para2]



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[KFF Explaining IRA 2023/p6/para4]

[KFF Explaining IRA 2023/p6/fig1] [Q1 Medicare What is the Medicare Part D/p4/para3]

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