

5 Things To Know About the Inflation Reduction Act & MS Medication Costs



MS disease-modifying medications (DMTs) have transformed the lives of many people with MS. When my mom was diagnosed in 1981, there were no treatments at all and nothing she could really do to help manage the course of her disease. Now we have over 20 medications available!

But medications must be affordable if they are going to make a difference. Unfortunately, in recent years, people with MS have been paying more and more out-of-pocket for their medications, and too many have been unable to afford their medications altogether.

The National MS Society, MS Activists and the entire MS community recently celebrated a victory with the passage of the Inflation Reduction Act. It was signed into law in August, and we are thrilled that it incorporated the Society's core priorities for tackling the high burden of drug prices for people with MS who are on Medicare, which is a significant portion of the MS community, as well as access to health insurance.

I recently joined an episode of [Ask an MS Expert](#) to share how the passage of the Inflation Reduction Act is a big win for improving affordability of MS medications. We want everyone across the MS community to be aware of the new law and what it could mean for them.

Here are 5 things to know:

1. There will be a \$2,000 out-of-pocket cap for Medicare Part D*

Currently, there is no cap on what people on Medicare spend on their medications. Average annual out-of-pocket spending for Medicare beneficiaries with MS just for their DMTs is almost \$7,000. People also can't predict in any given year what they will end up paying.

Under this new law, people under Medicare Part D will pay no more than \$2,000 out-of-pocket for their medications each year. And they will be able to spread those costs evenly throughout the year so that they won't have all those costs up front and can better predict what they will pay during the year. This part of the law will go into effect in 2025.

2. People on Medicare Part D will no longer pay coinsurance during the catastrophic coverage phase

Under all Medicare Part D plans, enrollees enter the catastrophic coverage phase after reaching \$7,050 in out-of-pocket costs for covered medications. During this phase, enrollees currently pay a 5% coinsurance for their medications. People with MS who are in the catastrophic coverage phase still pay, on average, \$352 in out-of-pocket costs per month.

Starting in 2024, people on Medicare Part D will no longer pay a 5% coinsurance during the catastrophic coverage phase. This will help reduce out-of-pocket costs for some people until the out-of-pocket cap goes into effect the following year.

3. The law addresses the rising price of medications through inflationary rebates

Under the Inflation Reduction Act, if drug manufacturers raise the price of a drug faster than inflation, they will have to pay the difference in the form of a rebate (or a partial refund) to Medicare.

This won't reduce drug prices, but it will stop prices from increasing as much as they have been in recent years. This part of the law goes into effect right away and will affect all drugs under Part D and infused products under Part B.

4. Some Medicare Part D and B drugs will be eligible for price negotiation





The new law will let the government negotiate drug prices for some expensive medications on behalf of Medicare beneficiaries for the first time.


Medications that have been on the market for at least 9 years – or 13 years for a

category of drugs called “biologics” – will be considered for negotiation. While we do not know yet how this will play out, MS medications could be eligible for negotiation.

Timeline for New Drug Pricing Provisions

The provisions of the Inflation Reduction Act take effect at different times:

-  **October 2022:** Inflationary rebates (which will limit price increases) for medications covered under Medicare Part D
-  **January 2023:** Inflationary rebates (which will limit price increases) for medications covered under Medicare Part B
-  **January 2024:** Elimination of 5% coinsurance during the catastrophic phase in Medicare Part D
-  **January 2025:** \$2,000 out-of-pocket cap for Medicare Part D



5. **Additional Health Insurance Marketplace subsidies will continue through 2025**

Having insurance plays a big part in making MS medications affordable. The American Rescue Plan Act of 2021 included enhanced subsidies to help people buy coverage through the Health Insurance Marketplace.

People have been able to find coverage that has been greatly reduced in price – as a result, we now have record-high enrollment in the Marketplaces and a record-low uninsured rate.

Those much-more-generous subsidies were scheduled to phase out at the end of

2022, but the Inflation Reduction Act extends these subsidies through 2025.

*Note: Medicare Part D covers outpatient prescriptions - or medications you can give to yourself. Infused drugs are typically covered by Medicare Part B, as they are given to you by a provider.

Editor's Note: Learn more about the Inflation Reduction Act and its impact for the MS community on [the Society website](#).