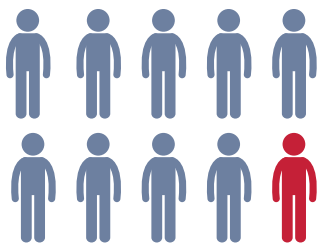


KEY FINDINGS: THE IRA - RAISING COSTS ON SENIORS

CAHC's Issue Brief tracks how the Inflation Reduction Act (IRA) is increasing premiums, reducing competition and choice, and raising out-of-pocket costs. Below are key findings from the report.

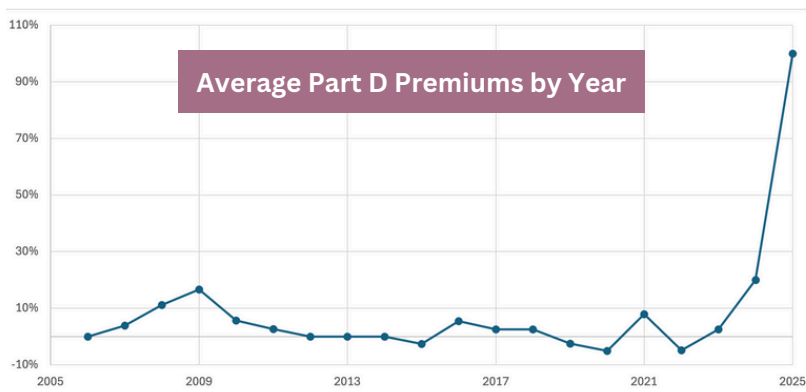
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Before the IRA was passed into law, more than 9 out of 10 seniors were satisfied with their coverage.

The Popularity of Part D - Why Mess With a Good Thing?

- The Medicare prescription drug program- Medicare Part D- is loved by beneficiaries for consistently delivering low premiums, robust choices, and broad access to drugs.
- Part D premiums have historically stayed the same (or even decreased over time) but since the IRA, the percentage of seniors facing significant premium increases has tripled.



Post-IRA, Premiums are Going Up

- In 2024, average Part D premiums increased 21%
- In 2025, average Part D premiums are expected to at least double.

But the IRA promised only a 6% increase in Part D premiums, what happened?

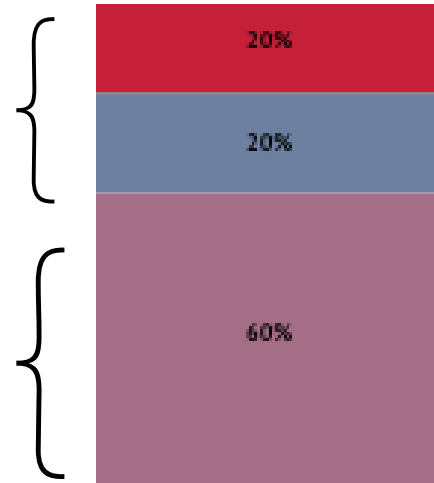
The 6% cap the IRA placed on Part D premium increases exclusively applies to the “base beneficiary premium,” which makes up only a part of what most Medicare beneficiaries actually pay per month.

How Did The IRA Redesign Part D?

- The IRA rewrote Part D by:
 - Imposing price controls on prescription drugs; and
 - Redesigning the benefit to implement a lower patient out-of-pocket cap on their drug costs (\$2,000).

In 2025, taxpayers & manufacturers will pay **40%** of out-of-pocket costs above the new \$2,000 catastrophic coverage limit, set by the IRA.

Insurers will pay 60% of the costs on all prescription drug claims above \$2,000, up from **20%** today.



Plans are Exiting the Market

- In 2024, the fewest number of plans participated in the Part D market since its launch in 2006.
- Mutual of Omaha and Blue Cross and Blue Shield of Kansas City, the largest non-profit plan in Missouri, announced they will be leaving the Part D and Medicare Advantage (MA) markets in 2025.



What's to be done?

Long-term, beneficiaries are likely to pay more for less access to plans and prescription drugs. The Centers for Medicaid & Medicare Services (CMS) may attempt to take steps to mitigate these problems, but their reach is limited by timing and the law. Ultimately, Congress will need to step in to fix the biggest flaws in the IRA to ensure Medicare remains affordable.