



IRA Series Part III – 2025 Early Results – “The »» New Normal” for the Medicare Part D Benefit Redesign and the Medicare Prescription Payment Plan (MPPP)

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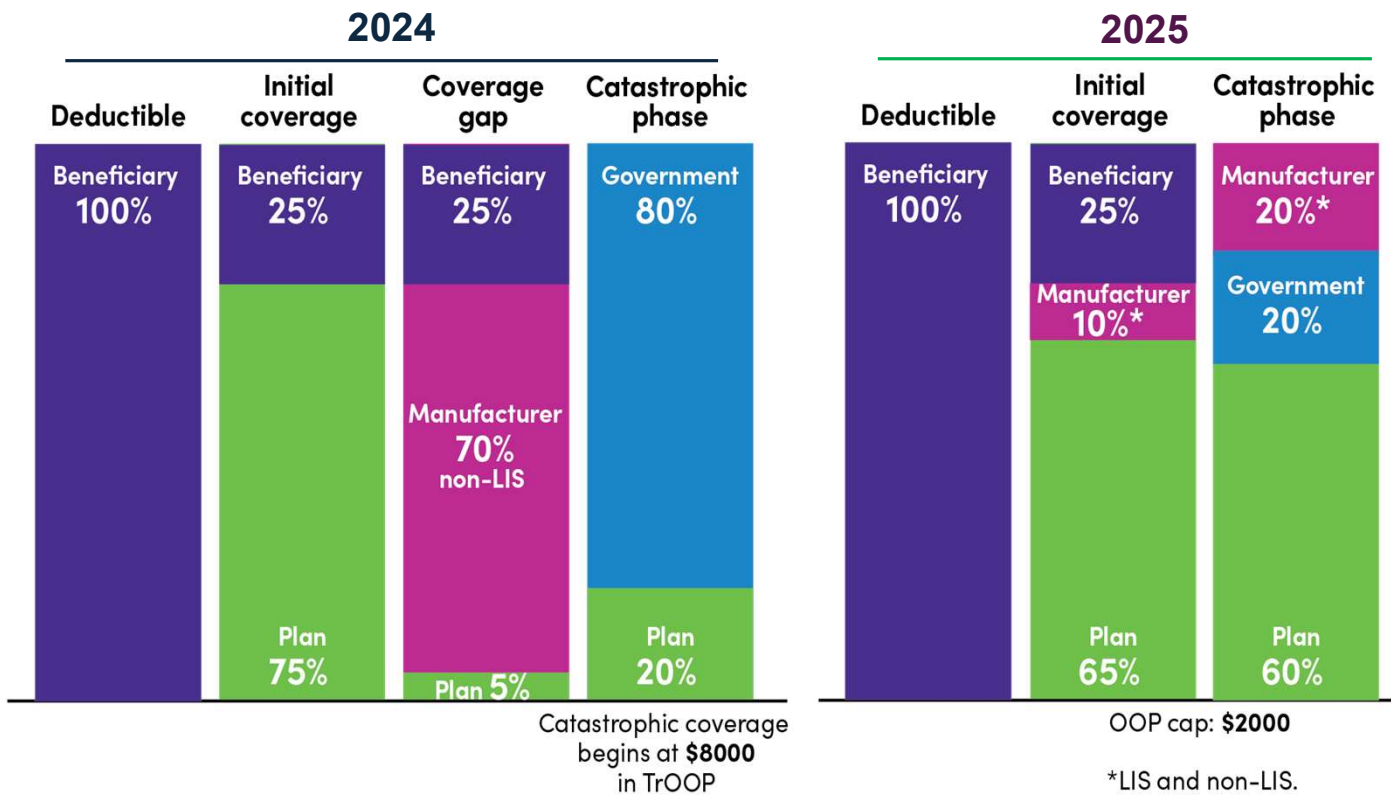
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Cost Shares Have Increased for Health Plans and Manufacturers in 2025



MPPP Allows Medicare Beneficiaries to Smooth OOP Costs Through Monthly Installments

Key Features for the Medicare Beneficiary

- 1 OOP costs are spread throughout the year
- 2 Enrollment is completely voluntary
- 3 Flexible enrollment before the plan year or at any month during the year
- 4 \$0 at point of service for covered Part D drugs
- 5 The bill for incurred OOP costs comes from the Part D plan
- 6 The amount for each month cannot exceed the maximum monthly cap

Requirements for Part D Sponsors

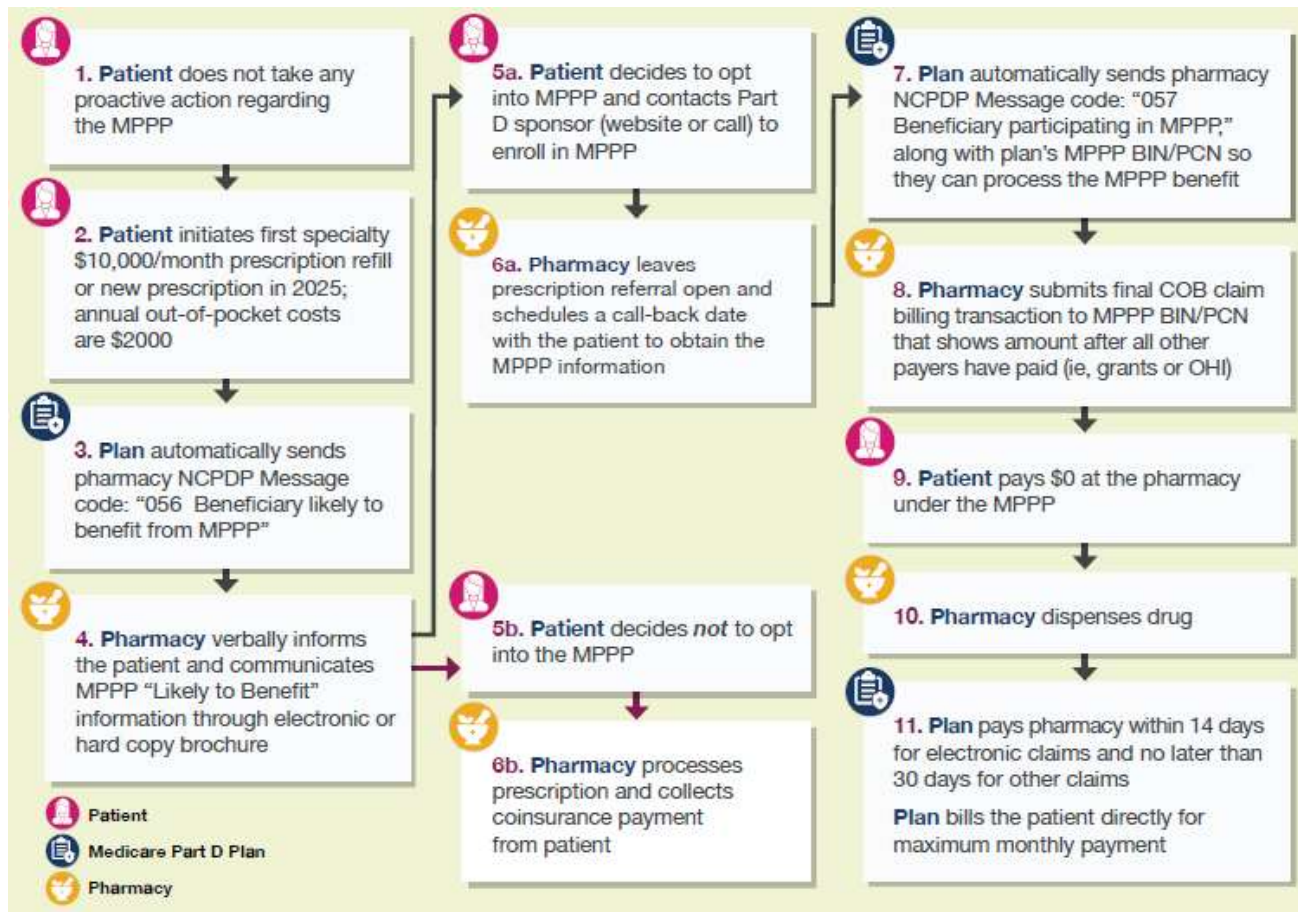
- 1** **Must give** beneficiaries the **option** to pay OOP prescription drug costs in monthly installments over the year
- 2** **Must notify** beneficiaries of MPPP using promotional materials before the plan year or when they join Part D during open enrollment
- 3** **Must notify** the pharmacy when a Part D beneficiary incurs drug OOP costs that make likely they will benefit from MPPP
- 4** **Must pay** the pharmacy the OOP cost-sharing amount that participants would have paid, plus the Part D sponsor's portion of the payment
- 5** **Must limit** amount of OOP fees collected to the maximum monthly cap

Pharmacies Face Operational Challenges with Implementing MPPP

Requirements for Pharmacies

- 1** **Do not** collect OOP costs from enrollee (pharmacies are reimbursed by Part D sponsor no later than 14 calendar days after claim is received)
- 2** **Must use** an additional Bank Identification Number (BIN) and/or Processor Control Number (PCN) unique to the MPPP to facilitate electronic processing
- 3** **Must inform** the Part D beneficiary that they may benefit from the MPPP, and explain how to opt in if the beneficiary would like to participate

MPPP Enrollment Process During Plan Year





The Impact of the IRA on Medicare Part D Plan Sponsors

- Many plan sponsors expect an increase in specialty and high-cost brand drug utilization by Medicare beneficiaries as a direct result of the new cost-sharing limits
- Due to plan liability increasing in the initial coverage and catastrophic coverage phases, higher-priced/higher rebated products may be less profitable than lower-priced/lower-rebated competitors
- Plan sponsors are taking on huge financial responsibility (bank) and risk (collection agency) with the MPPP, which may require additional support and IT staffing
- Carriers with both PDP and MAPD plan offerings will shift Medicare beneficiaries to MA-PD for more financial stability and ability to manage risk across benefits
- Since beneficiaries may be less concerned about plan selection, plans may try to preserve membership by reducing cost-sharing obligation on lower-cost drugs



The Impact of the IRA on Pharmaceutical Manufacturers

- In 2025, manufacturers will pick-up the 10% and 20% discount for non-LIS and LIS patients in the initial coverage and catastrophic coverage phases, respectively
- The inflation rebate may encourage manufacturers to launch new drugs at higher prices, because the inflation rebate will penalize them for increasing the price in the future
- Plan sponsors will be seeking additional rebates to assist in offsetting increased plan liability
- Drugs selected for price negotiation will be required to be on formularies, but tier placement not specified
- Non-specialty brands impacted less than specialty brand products (\$950/30-day supply)



The Impact of the IRA on Medicare Beneficiaries

- Medicare beneficiaries will face fewer financial obstacles but, more administrative obstacles in order to access higher-priced therapies
- Medicare beneficiaries may start taking a prescription(s) or seek therapy for a condition once perceived as unaffordable
- Expect significant decreases in abandonment and/or increases in adherence to higher-priced drug regimens
- Medicare beneficiaries will become less concerned about plan selection – may be willing to look at other plans or even switch carriers
- Medicare Part D plan premiums (beyond basic offering) are increasing dramatically to offset rising plan drug liability



THANK YOU!

