

Centers for Medicare & Medicaid Services

National Stakeholder Call with the CMS Administrator on the Inflation Reduction Act

Thursday, August 25, 2022

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Webinar recording:

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Erin Richardson: We are going to go ahead -- hello, and welcome to all of the nearly 4000 of you joining us for this webinar today. My name is Erin Richardson. I am Chief of Staff of the Office of the Administrator. Thank you for joining us for our National Stakeholder call to review the impacts and highlight implementation of the Inflation Reduction Act. I'm going to walk through today's agenda and turn things over to our speakers. Before I do that, a few housekeeping items. This call is being recorded. Also, while members of the press are welcome to attend the call, please note all press or media questions should be submitted using our media inquiries form which can be found at our [CMS.gov](https://www.cms.gov/newsroom) newsroom website. We will not be accepting live questions during the call. We did solicit questions beforehand and we will answer a few today. Everyone should be able to see today's agenda on their screen. It includes the CMS Administrator, Chiquita Brooks-LaSure, providing an overview of the Inflation Reduction Act. The Administrator will be followed by Dr. Meena Seshamani and Dr. Ellen Montz who will review the CMS impacts and implementation of the IRA. These presentations will be followed by a brief question-and-answer session. With that, I will turn it over to our Administrator, Chiquita Brooks-LaSure. Administrator?

CMS Administrator Chiquita Brooks-LaSure: Thank you so much Erin. Good afternoon or good morning, if you are on the West Coast to everyone. It really is a pleasure to join you, all of our partners on these calls. I really want to start by saying how much we at CMS appreciate your efforts. You have been reaching out to more than 150 million people across the three M's-- Medicare, Medicaid and CHIP, and Marketplace coverage -- helping them to get life-sustaining health care. Your hard work and leadership are vital to CMS's vision and to the health and safety of millions of people. We are so excited today to discuss the Inflation Reduction Act. President Biden signed the legislation into law just last week. I am committed to keeping all of you up-to-date and involved as we begin to make this law and the savings it provides, a reality for the people we serve. The new legislation builds on the Biden-Harris Administration's effort to meaningfully lower health care costs for people across the country. The question I get asked the most about across all of our programs is, why do prescription drugs cost so much, particularly for people who rely on the Medicare program. It is so easy to understand the concerns of the people who are served by Medicare. Under Medicare Part D, up until this law, there were no limits on what people could pay for prescription drugs every year. Many of you know firsthand that our

most underserved communities are often forced to forgo life-sustaining medications because they can't afford them. Thanks to several provisions of the new law, they will no longer have to choose between their prescriptions and basic needs. They will be able to afford the medicine they need, like insulin. People living with diabetes will get coverage for their insulin from the first dollar with no deductible, and pay no more than \$35 a month for each insulin prescription. For millions of people, this law and its Medicare drug cost savings will bring peace of mind, better health, and brighter futures for themselves and their families. It is the answer they have been waiting for. The law also empowers CMS to negotiate the prices of certain drugs directly with manufactures. On behalf of millions of people with Medicare's Part B and D, we will be able to negotiate fair prices on the costliest treatments, making them more affordable and accessible. I am also thrilled that this new law continues the financial assistance currently offered to people through the Health Insurance Marketplaces. I know all of you celebrated with us the record-breaking Marketplace open enrollment period for 2022 coverage. Health care coverage has never been more affordable, and people signed up, including many people from historically underinsured and underserved communities. Thank you for your efforts to help get people enrolled, and we look forward to your partnership for this year's upcoming open enrollment. We have two members of the CMS senior leadership team here to discuss the law's provisions in more detail. Before I introduce them, I want to say again, how excited I am to have all of you alongside us to bring this new law to life. It is truly a historic moment as we drive toward our vision of equitable, affordable health care coverage. I'm excited about what is to come and to hear about your amazing work in your communities, reaching the people we serve with these outstanding savings. We also look forward to partnering with you, to hearing your feedback as we roll out more information, as well as your success stories and best practices. Your voices will strengthen and guide our implementation. Joining me today are Dr. Ellen Montz from the Center for Consumer Information and Insurance Oversight, or CCIIO and Dr. Meena Seshamani from the Center for Medicare. They both will be discussing in more detail what the people we serve can look forward to with the implementation of this new law. Over to you, Meena.

Dr. Meena Seshamani: Great. Thank you so much, Administrator Brooks-LaSure. Good afternoon everyone. Thank you for being with us today. My name is Dr. Meena Seshamani, I am Deputy Administrator and the Director for the Center for Medicare. It is so exciting to be here today, and to have this discussion with all of you. Echoing what the Administrator started with, we are so very grateful for your partnership and for those of you who have worked tirelessly to help ensure progress on this important issue. As you all know, this is an historic time for millions of people with Medicare, and for the Medicare program. As a physician, I have cared for people who have had trouble with their prescription drug costs. One woman comes to mind who was on Medicare where we were on our smart phones with Good Rx, figuring out what prescription medication she could afford in order to stay healthy. And we all know that we want people to stay healthy. So, we have to have prescription drugs be affordable and accessible for that to be possible. And under the Inflation Reduction Act, Americans across this country will have an improved access to affordable, innovative, and much-needed prescription drugs. And they will start to see the impact of this law almost immediately. The bill ensures a more affordable, accessible, and equitable Medicare program both now and in the long run. It offers financial

stability for seniors and people with disabilities, reducing as the Administrator mentioned the monthly cost of insulin, and providing recommended vaccines at no cost beginning January 1, 2023. It provides peace of mind, stabilizing Medicare premiums, beginning in 2024 and lasting through 2030. It caps out-of-pocket drug costs for Part D enrollees at \$2000, and provides the option of paying that out-of-pocket drug cost in monthly installments beginning in 2025. As the Administrator mentioned, the law empowers Medicare to finally negotiate directly with drug manufacturers for the price of certain high spending brand name, Part B and D drugs. Ensuring that people with Medicare get the best possible deal on treatments that they deserve, and ensuring innovative drugs are available when Americans need them. We will start this work by announcing next year, the first 10 drugs from a list of the drugs with the highest Part D spending. The negotiated drug prices for this first group will be announced in 2024, and will go into effect in 2026. As I mentioned, this new law strengthens the program that more than 63 million Americans rely on, improving benefits and ensuring its sustainability for future generations. And it is this exciting time in health care's history, but the work does not end here. Engaging with everyone in the ecosystem that makes sure that 63 million people who rely on our program get the care they need is critical, and a central piece to all the work we do, which is why we are so glad to be here with you today. Because we need you to help us carry this torch, to engage your members and networks and colleagues as we implement this law, and make a real impact in our communities. There are two aspects to this. First, open enrollment is just around the corner. So, we need your help, making sure people with Medicare Part D know and understand the new 2023 benefits, including insulin and vaccines, as I mentioned. Second, you are critical to our implementation of this law. Please share your feedback and thoughts, because we need these benefits to get to people who need care. Helping to create spaces for dialogue and discussion, to hear from stakeholders like yourselves, is really going to be key to creating the most impact for the people who rely on our programs. And I will just echo again, we are so thrilled to have you as our partner, and we look forward to continuing our work together, to make sure our health care system works for all Americans. I will now turn it over to Dr. Ellen Montz, Deputy Administrator and Director for the Center for Consumer Information and Insurance Oversight. Ellen?

Dr. Ellen Montz: Great, thanks so much, Meena. Good afternoon, everyone. It is lovely to be here with you today. As you heard from both our Administrator and Dr. Seshamani, we are so enthusiastic about the passage of the new law, and what it will mean to so many people across the country. Since April 1 of 2021, the American Rescue Plan Act successfully built on the strong foundation of coverage of the affordable care by providing consumers, enrolling in marketplace coverage through [healthcare.gov](https://www.healthcare.gov) and state-based marketplaces, increase savings and lower cost through increased tax credits, saving millions of people on average \$800 per year on their health insurance premiums on the Marketplaces. These critical additional tax credits were set to expire at the end of this year. The Inflation Reduction Act of 2022 extends these enhanced and expanded Marketplace premium tax credit provisions through 2025, meaning millions across the country will continue to see substantial savings, ensuring critical access to insurance coverage. Whether these are for our 14.5 million current enrollees, or individuals needing coverage from the Marketplace for the first time in the coming years, this law allows consumers

to get the healthcare they need, all while keeping more money in their pockets. We are working with state-based marketplaces, state regulators, our health insurance plans, and other key stakeholders such as yourselves. I am excited to announce that we will be ready to make these savings available to the American people during the upcoming open enrollment period for the Marketplaces, which starts November 1. We are looking forward to working with you all on building on last year's historic open enrollment level, and making this year's open enrollment -- the 10th for [healthcare.gov](https://www.healthcare.gov) -- the most successful yet. Thank you so much. Erin, I will turn it back to you.

Erin Richardson: Thank you. As I mentioned earlier, we solicited questions prior to the call and we will walk through those now. Our first question is for Dr. Seshamani. How will the new law impact prescription costs?

Dr. Meena Seshamani: Sorry. Took me a little bit to get off mute. Absolutely. The Inflation Reduction Act will have a significant impact on prescription drug costs. People with Medicare will begin to see lower costs as early as January 1, 2023, when Part D vaccines that are recommended by the advisory committee on immunization practices. An example of one of these vaccines is the shingles vaccine. These vaccines will be available at no additional cost to people with Medicare Part D coverage. As previously mentioned also, many people on Medicare who use insulin will also benefit from the \$35 per prescription, per month, limit on out-of-pocket costs for insulin products. This goes into effect starting in 2023, for at least 1.4 million Americans with Medicare coverage who utilize insulin. People with Medicare will also benefit from no cost sharing, no out-of-pocket cost, once they hit the catastrophic phase of Part D. When they have that high cost of drugs, they will not have out-of-pocket costs, once they get into that upper part of the benefit. And this coverage kicks in in 2024. There is a new out-of-pocket cap in Part D which will limit prescription drug costs at \$2000 a year beginning in 2025. These costs also will be able to be spread across monthly payments. There are a few other provisions with the law that will have a significant impact on the affordability of drugs. First, financial assistance under the Part D low income subsidy program will be expanded, starting in 2024, for individuals earning less than 150% of the federal poverty level -- that is about \$20,385 in 2022 dollars. People earning less than that will be eligible for this low income subsidy program that provides assistance with premiums and with out-of-pocket costs for prescription drugs. Finally, under Medicare's new ability to negotiate directly with drug manufacturers for the price of certain high spending brand name Part B and D drugs, people with Medicare will get a fair price on the costliest treatments, and pay out-of-pocket costs for those drugs, based on the Medicare negotiated price. Work is underway for Medicare to select and announce the first 10 drugs for negotiation from a list of the highest spending brand name Part D drugs without price competition. These drugs will be announced September 2023, and the negotiated drug prices for these first 10 Medicare Part D drugs will be announced in 2024, and go into effect in 2026. From there, Medicare will select and negotiate 15 Part D drugs for 2027, 15 B or D drugs for 2028, and after that, 20 B or D drugs for each year thereafter.

Erin Richardson: Great. Thank you, Meena. Our next question is for Administrator Chiquita

Brooks-LaSure. How can folks in health care field and our partners on the call today help in making certain Americans understand what the law will mean for their health care costs?

CMS Administrator Chiquita Brooks-LaSure: I think if we can take any lesson from both our Marketplace enrollment over the course of the last year or so, and from the COVID-19 pandemic, it is that it is critical, when trying to get out information, for people to hear it from providers and other trusted messengers. As we think about how do we approach making sure that people know of the continued subsidies under the Marketplace, and the new changes coming to the Medicare program, we are very much knowing that we need to partner with all of you on this call to really get the word out and the message out as we think about how to communicate clearly. So, I just encourage all of you in terms of webinars and town halls and meetings to really educate and really bring consumers into this conversation and Medicare beneficiaries. We really will try -- our goal is to make sure we are being transparent and giving as much information as we can. But we look forward to that feedback loop, of what messages are helpful, how we can better educate, and how we can better equip you to help us educate people out in the world.

Erin Richardson: Great. Thank you, Administrator. Second question for you. What will the implementation process look like? And will there be ample opportunity for stakeholder input during that process?

CMS Administrator Chiquita Brooks-LaSure: One of the things that is so important to us as an agency has been to make sure that we are engaging stakeholders, and not just at the back end, but really throughout our process. And that is why we have made it a key part as one of our six pillars to make sure we are really integrating the perspective of stakeholders, particularly those with lived experience. As you know, our leadership team is full of people who have been working in the government, in and outside the health care sector, for some time. And we want to make sure we are bringing in the perspectives of stakeholders, and that we are really outlining what the process will look like for people to really have a good understanding of when they will be able to engage. And that will be something that we will be really spelling out in more detail in the coming weeks and months. And I will just say, as we think about this, so many of the provisions under the law are baked into our normal processes. As Meena was talking about, some of the critical changes that are coming down the pike, particularly in those first couple of years, they are part of our ongoing process of our Part D program. you will see some of the places for engagement as part of our normal CMS modes of operation.

Erin Richardson: Great. Thank you, Administrator. Our next question is for Dr. Ellen Montz. How can consumers in our Marketplace take advantage of the savings in the Inflation Reduction Act?

Dr. Ellen Montz: I am happy to say that the enhanced subsidy provisions under the new law will be reflected when consumers shop for Marketplace coverage during the upcoming open enrollment period, which starts November 1 and ends the following January 15. As always, we

will encourage and seek your help in doing so, and consumers who are already on the Marketplace, to come back and shop and make sure they are in the right health plan for them. And for new consumers to join [healthcare.gov](https://www.healthcare.gov) or a state-based marketplace, for the first time. And I would ask you all to join me in this effort. As the Administrator mentioned, if there is one thing our success over the past few years has shown us, it is something that is quite simple. And that is if you make health care coverage more affordable, and you actually tell people about it, they sign up. Thank you so much for your partnership, and helping us connect folks to this life-affirming coverage.

Erin Richardson: Great. Thank you, Ellen. That wraps up our question-and-answer session. I want to thank our speakers today, as well as all of you for joining us for today's call. And I would like to turn it back to the CMS Administrator, Chiquita Brooks-LaSure, for her closing comments.

CMS Administrator Chiquita Brooks-LaSure: Thanks, Erin. Thank you all for joining us. This is just the first of multiple conversations that we are going to have over the course of the next couple of months, and over the course of the next couple of years, as we work to implement this legislation which again, we are all so excited about. We are particularly focused on this year's open enrollment, where across our M's, we want to continue to build on the incredible progress that has been made. Certainly, in the Marketplace where we are setting our sites even higher in terms of enrollment, of making sure that we continue to lower the uninsured rate, and particularly this year in our Medicare open enrollment period, a real focus on educating folks about the additional savings, including the Medicare savings programs, which are an underused program across our country. We thank you for your partnership. Really look forward to working with you. And we are just thrilled that Congress has passed and the President has signed into law changes that are really going to make a difference for the American people. Thank you.