



**National
Multiple Sclerosis
Society**

What does the New Drug Pricing Legislation Mean for People with MS?

People with MS on Medicare will join millions of other Medicare beneficiaries in likely seeing lower prescription drug costs over the next few years. The Kaiser Family Foundation found that 1.4 million people with traditional Medicare benefits spent \$2,000 or more in 2020. Other studies have documented that for people with MS, out-of-pocket costs just for their MS disease modifying treatment were more than \$6,000 per year. These policy changes have the potential to be transformative for many people with MS on Medicare.

It will take time for the new policies to phase in. Here's what to expect by year.

2022

- Beginning in October, there should be more predictability and limits to price increases for out-patient drugs (those under Medicare Part D). This is because if a price increases more than the rate of inflation, that pharmaceutical manufacturer will face financial penalties.

2023

- For Medicare beneficiaries who take insulin, a \$35 cap per month will go into effect. People with MS are more likely to have other chronic health conditions than the general population, including Type II diabetes. After 2025, insulin will be the lower of the \$35 cap or 25% of the negotiated price.
- Beginning in January, price increases for drugs administered in doctors' offices (Medicare Part B, infusion drugs) will be limited since increases that are more than the rate of inflation will mean financial penalties for pharmaceutical manufacturers.
- No cost sharing for adult vaccines for Medicare beneficiaries.

2024

- People on Medicare Part D will no longer have to pay a 5% coinsurance during the catastrophic coverage phase. This could help people who use high-cost drugs, like MS DMTs. It's likely that individuals will still be responsible for a little more than \$7,000 until the full out-of-pocket cap takes effect in 2025.
- People making up to 150% of the federal poverty level will be able to pay a set, low cost for each prescription instead of paying a percentage of the full price (known as co-insurance). In 2022, 150% of the federal poverty level is \$20,385 for a single person.

2025

- For drugs sold in pharmacies (including mail order), people on Medicare will not pay more than \$2,000 each year and will be able to spread those costs throughout the year. This could mean more than \$4,000 in savings each year for people with MS. And people with MS won't have all those costs up front in January through March that are typically experienced today, as costs can be spread throughout the year.

2026

- Negotiated prices for 10 selected medications will take effect, leading to lower costs to the Medicare system and lower cost responsibility for those medications for individuals. MS medications could potentially be included in the negotiation process, depending on their pricing, the cost of other types of medications, and other factors.

2027 and beyond

- The number of drugs available for negotiation will slightly increase over time. In 2027, 15 drugs under Medicare Part D will be eligible, and in 2028 15 drugs under either Medicare Part D or B (out-patient prescriptions or in office medications) will be able to be negotiated. In 2029 and beyond, this increases to 20 Medicare Part D or B drugs.

Here are two additional things you should know:

- From 2024-2029, Medicare premiums cannot increase more than 6% each year.
- For people who purchase their health coverage through Exchanges (Affordable Care Act plans), there is a three-year extension of enhanced and expanded premium tax credits to help purchase health insurance.

