

Payer reactions to the implementation of the Inflation Reduction Act: Forecasting future changes to Medicare Part D plans

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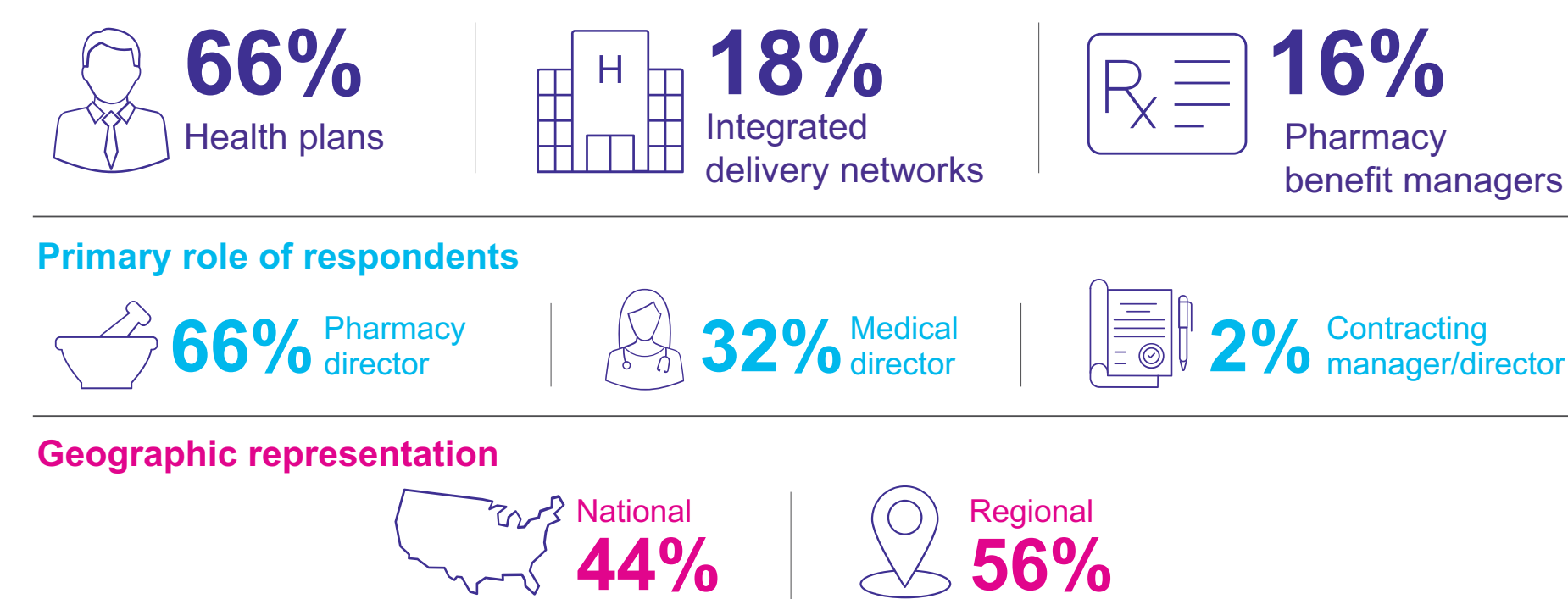
Background and objective

- The Inflation Reduction Act (IRA) includes multiple policy provisions related to drug pricing and Medicare Part D benefit design that will have sweeping implications for healthcare payers in the United States (US).
- Changes to the Part D program, including capping out-of-pocket costs for beneficiaries, will significantly shift the financial burden away from the federal government and beneficiaries to manufacturers and Part D plans.
- Insight into how US payers plan to respond to Part D policies included in the IRA is needed in order to forecast how the IRA's implementation may affect patient access and affordability.
- We assessed payer perceptions of the IRA and its potential impact on Medicare Part D plans.

Methods

- A double-blind, web-based survey of US healthcare payers was fielded through Cencora's (formerly Xcenda's) Managed Care Network from February 23, 2023, to March 7, 2023 (N=50).
 - Cencora's Managed Care Network is a proprietary research panel of over 160 healthcare decision-makers, including healthcare executives, medical and pharmacy directors, and other experienced individuals in managed care, representing over 310 million covered lives in the US.
 - Participation in each survey was voluntary, and a modest honorarium was paid by Cencora to participants who completed the survey.

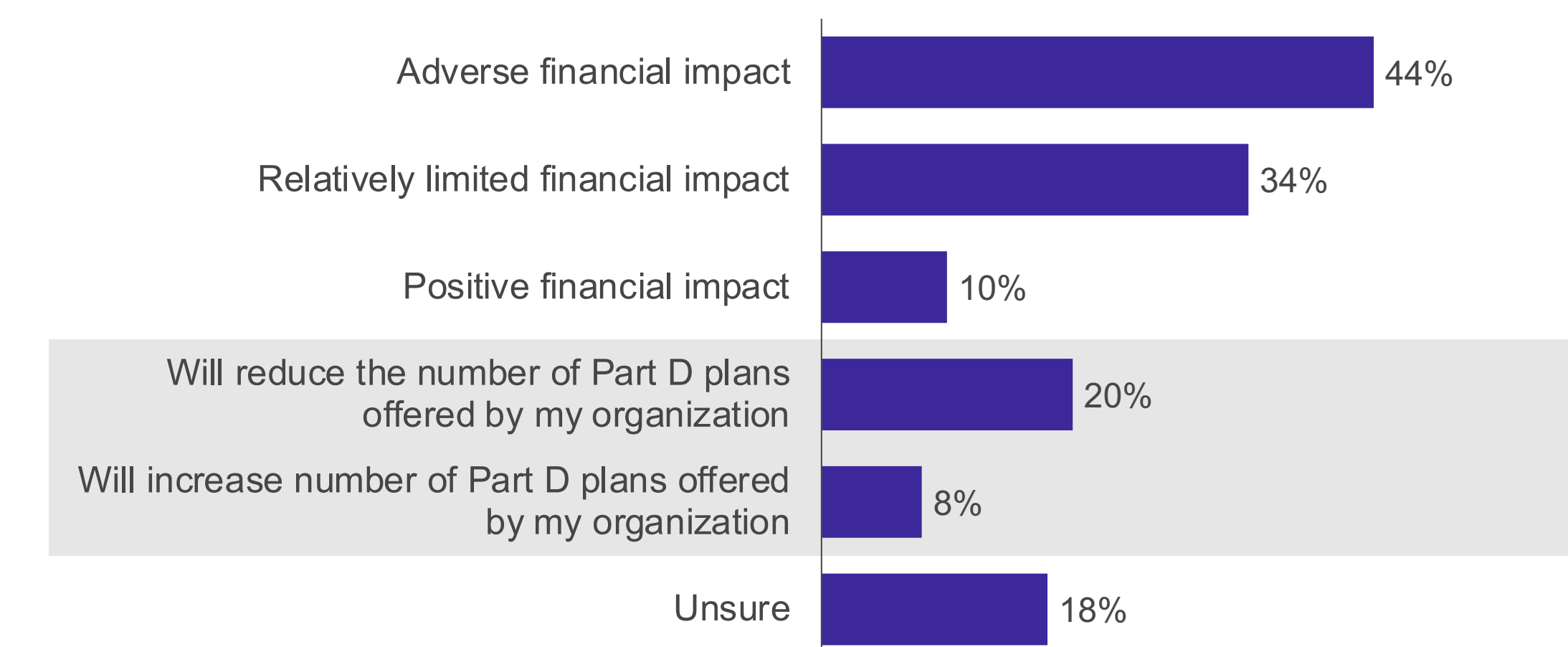
Survey respondent demographics (N=50)



Results

- Most payers believe IRA-related changes to Medicare Part D will impact their portfolio of Part D plans (**Figure 1**).
 - 44% (n=22) forecast an adverse financial impact, and 34% (n=17) expect a relatively limited financial impact; however, very few payers (10%, n=5) think the changes will result in a positive financial impact.
 - 20% (n=10) believe IRA-related policy changes will reduce the number of Part D plans offered by their organization, whereas 8% (n=4) believe it will increase the number of Part D plans offered.
 - 18% (n=9) are unsure about the impact of IRA-related changes to Medicare Part D.

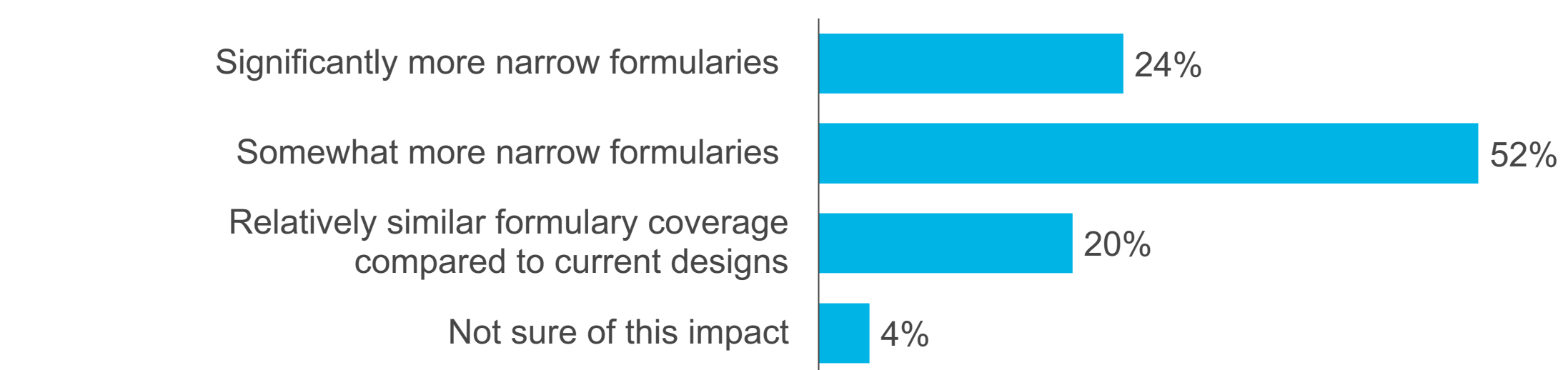
Figure 1. Payer perceptions of how the IRA will affect their portfolio of Part D plans



q24: How do you think the Medicare Part D changes stemming from the IRA will broadly affect your portfolio of Part D plans? Please select all that apply. (N=50)

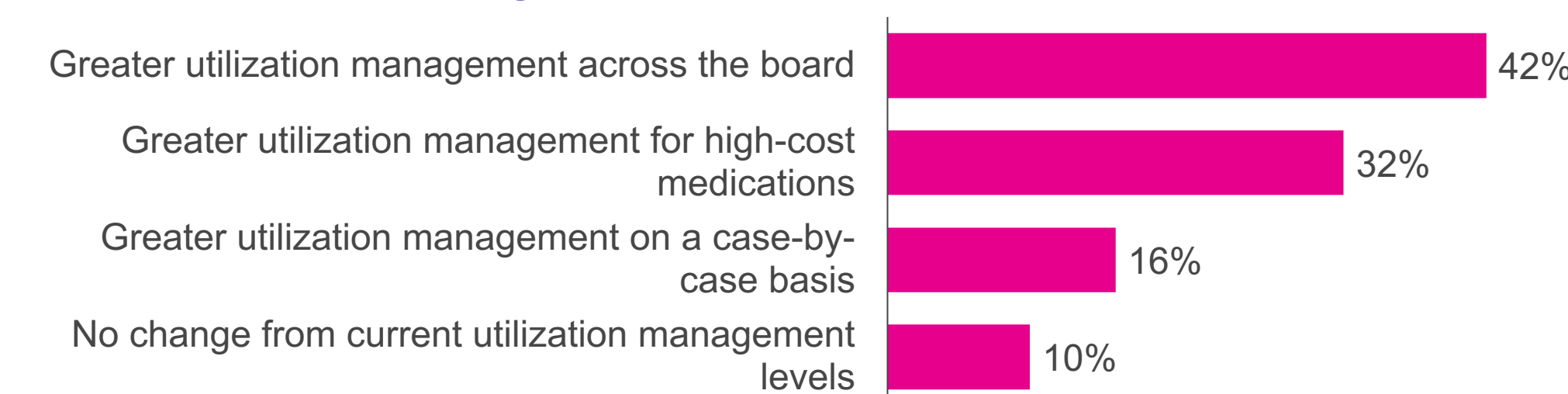
- Payers anticipate that the IRA's Part D policy changes will lead to narrower formularies (**Figure 2**).
 - Compared to the current design, most payers anticipate somewhat (52%) or significantly (24%) more narrow formularies, whereas only 20% expect relatively similar formulary coverage.
- Most payers expect greater utilization management due to increased financial liability for Part D plans (**Figure 3**).
 - 42% (n=21) anticipate greater utilization management across the board, while 32% (n=16) anticipate greater utilization management for high-cost medications.
 - 16% (n=8) anticipate change on a case-by-case basis, and 10% (n=5) expect no change in current utilization management levels.

Figure 2. Payer perceptions of how the IRA will affect formulary management



q25: How do you anticipate the IRA will affect formulary management? (N=50)

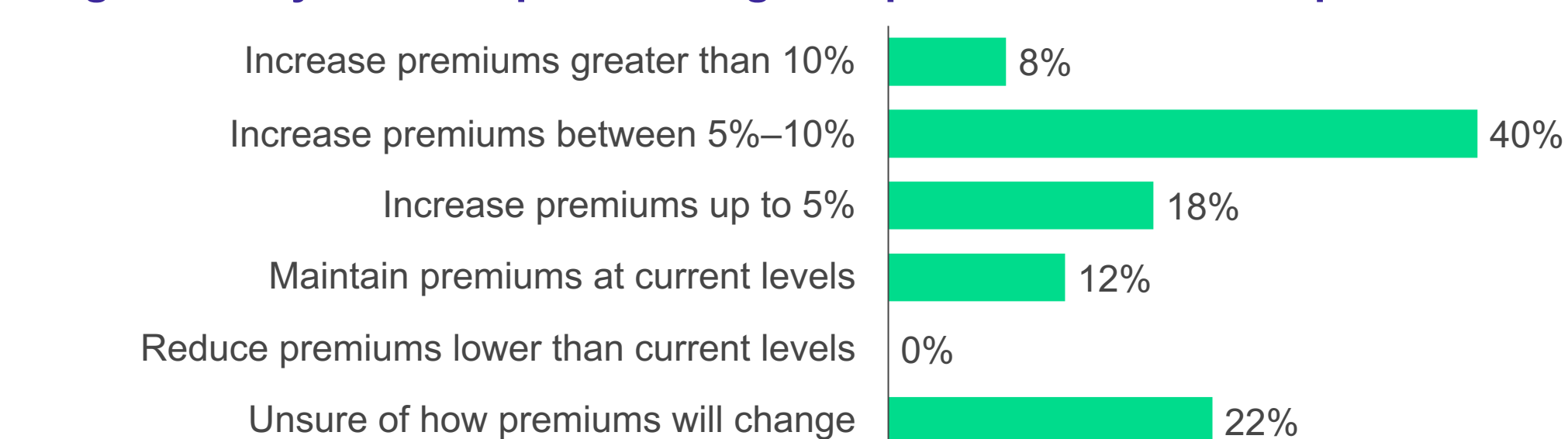
Figure 3. Payer perceptions of how increased plan liability for Part D plans will affect utilization management



q27: How will the increased financial liability for Part D plans affect utilization management strategies to better manage costs? (N=50)

- Most payers anticipate that IRA implementation will result in increased premiums for Part D plans (**Figure 4**).
 - 8% (n=4) of payers anticipate a premium increase greater than 10%, 40% (n=20) anticipate an increase from 5% to 10%, and 18% (n=9) anticipate an increase up to 5%.
 - Very few payers expect to maintain Part D plan premiums at current levels (12%, n=6), and no payers anticipate premiums will be reduced lower than current levels.

Figure 4. Payers' anticipated changes to premiums for Part D plans



q26: While the IRA offers some level of premium stabilization and the base beneficiary premium growth is capped at 6% annually, there is no hard cap on premium increases. How do you anticipate your organization will adapt premiums for its Part D plans? (N=50)

Limitations

- Responses in this survey reflect the perspectives of a select group of formulary decision-makers in the US and were derived from a relatively small sample size; due to the sample size, results may not be generalizable to all payer organizations.
- Because all respondents voluntarily completed the survey, voluntary response bias may exist.
- This research reflects the perspectives of managed care professionals identified from Cencora's Managed Care Network; other stakeholder perspectives (eg, healthcare providers, patients, manufacturers) were not represented in this survey.

Conclusions

- US payers expect IRA implementation to have a financial impact on Part D plans.
- Most payers anticipate an increase in Part D premiums and greater use of utilization management strategies to contain costs, both of which carry potentially adverse implications for patient access and affordability.
- Additional analysis is needed to examine the extent to which these changes will impact patient access to treatments and how these perspectives change over time.

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