

December 8, 2022

## Implementing the Cost Sharing Maximums Established by the Inflation Reduction Act for Covered Insulin Products and ACIP-Recommended Vaccines for Contract Year 2023

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. Effective January 1, 2023, the IRA eliminates the deductible and imposes a statutory maximum beneficiary cost sharing amount of \$35 per one-month supply for Medicare Part D covered insulins. In addition, effective January 1, 2023, the IRA eliminates the deductible and imposes a statutory maximum beneficiary cost sharing amount of \$0 for Medicare Part D-covered adult vaccines recommended by the Advisory Committee on Immunization Practices (ACIP).

Pharmacies should note the law allows a grace period of 90 days for Medicare Part D plans to implement the monthly maximum of \$35 for insulin. If a plan is unable to implement the maximum beneficiary cost share provision for insulin during this grace period, the plan's normal cost share will be returned on the claim and the plan is required to refund the difference to the beneficiary. The law **does not** include a similar grace period for Part D vaccines.

A three-month supply for covered insulin(s) cannot exceed a maximum beneficiary cost share amount of \$105 (\$35x3). Refer to the Centers for Medicare & Medicaid Services (CMS) Plan Management System (HPMS) Memo *Contract Year 2023 Program Guidance Related to Inflation Reduction Act Changes to Part D Coverage of Vaccines and Insulin* dated September 26, 2022, for additional information.

Note that only insulins covered under the Medicare Part D benefit (e.g., on a Medicare Part D plan's formulary or obtained through a formulary exception) are subject to the maximum \$35 beneficiary cost share amount per one-month supply. The definition of a one-month supply varies between plans.

Due to the grace period through March 31, 2023, pharmacies may receive Medicare Part D claim responses with a beneficiary cost share greater than \$35. Pharmacies do not need to take any action on these claims. If a Medicare enrollee asks why the cost share is not capped at \$35 for insulin, the patient can be informed that if their insulin is covered under their Medicare Part D benefit, the Medicare Part D plan will reimburse the patient the difference within 30 days. Pharmacies and beneficiaries do not need to take any action on these insulin claims.

In regard to vaccines, if any ACIP-recommended vaccine is not capped at \$0 for a patient who is

over 18 years of age, the patient should be instructed to contact their Medicare Part D plan Help Desk. For further information on ACIP recommendations and CMS guidance, refer to the following resources:

- <https://www.cdc.gov/vaccines/hcp/acip-recs/index.html>
- <https://www.cdc.gov/vaccines/schedules/hcp/imz/child-adolescent.html>
- HPMS Memo *Contract Year 2023 Program Guidance Related to Inflation Reduction Act Changes to Part D Coverage of Vaccines and Insulin* dated September 26, 2022.

For those claims where the beneficiary cost share (\$35 for insulin or \$0 for vaccine) is applied, the plan will be covering the amount of the copay that was reduced in the Total Amount Paid (509-F9) on the claim response. In 2023, Part D plans will receive a retroactive subsidy from CMS for the maximum cost sharing variance.

Beginning July 1, 2023, when insulin is furnished through an item of durable medical equipment (DME) and covered under the Medicare Part B DME benefit (e.g., an insulin pump), the Medicare Part B deductible is waived and any beneficiary coinsurance for a one-month supply of insulin must not exceed \$35. More information will be forthcoming from CMS.

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