Inflation Reduction Act (IRA)'s Impact on Pharmacies

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Kentucky Pharmacy Education and Research Foundation, Inc. is accredited by ACPE as a provider of continuing pharmacy education.

ACPE UAN 0143-9999-25-068-L03-P/T

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DISCLOSURES

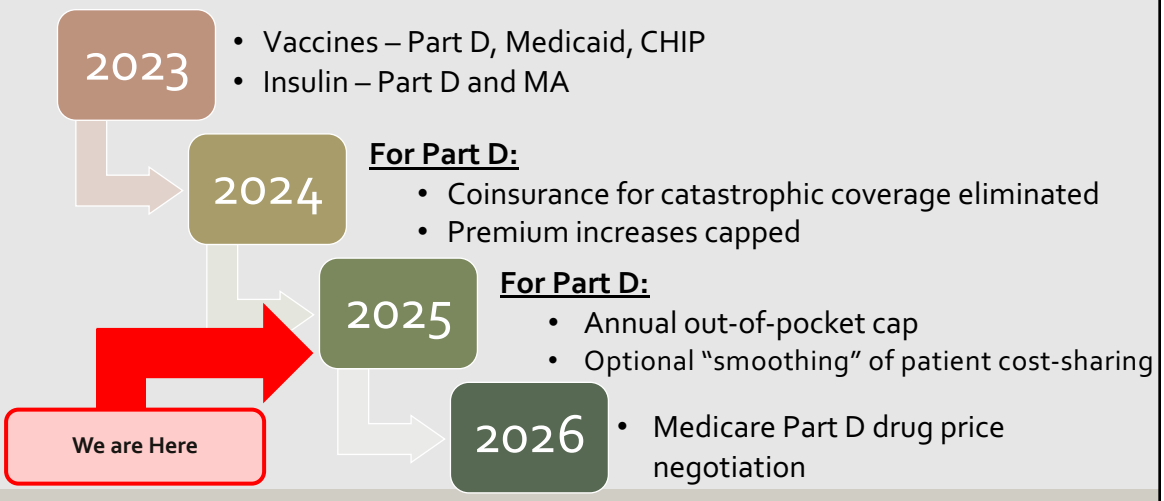
Faculty

Jessica Satterfield, faculty for this activity, has no relevant financial relationship(s) with ineligible companies to disclose.

Planners

None of the planners for this activity have any relevant financial relationships with ineligible companies to disclose.

INFLATION REDUCTION ACT



Medicare Prescription Payment Plan

- Option to "smooth out" cost-sharing over benefit year
- Beneficiaries can enroll before a plan year.
- Claims greater than $600 = standard notice
- Opt-in can happen at any time, as can opt-out.
- Patient can pay for the Rx at the pharmacy OR discuss with plan and enroll in MP3.
- Patient would return to pharmacy to pick up Rx, and pay $0 at the pharmacy, but will get a monthly bill from the Part D Plan.
- Pharmacies do not have to do enrollment or education.
- Reimbursement to the pharmacy is the same 14-day timeframe
- Payment and remittance expected to be like any other BIN/PCN combo the PBM administers.

UPTAKE OF THE MEDICARE PRESCRIPTION PAYMENT PLAN

- The Medicare Prescription Payment Plan (M3P) saw **179,000 beneficiaries** enroll in its first two months
  - This represents approximately **0.4%** of Part D beneficiaries, but **CMS has estimated as many as 2.4 million (~6%)** can benefit from M3P
- **95% of those who elected M3P are non-low income (NLI)**
- The M3P population has a 2024 per member per month (PMPM) allowed cost that is 3.5 times higher than the PMPM allowed cost of other NLI Medicare populations
- Brand drug usage among the M3P population is higher than other NLI Medicare populations
  - The generic dispensing rate (GDR) among M3P NLI is 81%, compared to 89%

Top medications filled in the M3P:
- Eliquis
- Ozempic
- Mounjaro
- Jardiance
- Gabapentin

Source: **Milliman.** MedInsight® Insights: An early look at M3P enrollment. Milliman. Published July 18, 2024. Accessed July 1, 2025. https://www.milliman.com/en/insight/medintel-insights-early-look-m3p-enrollment

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MEDICARE PART D 2026… BIGGER CHANGES COMING

Starting in 2026: Medicare Drug Price Negotiation

Secretary of HHS will negotiate pricing for:

- **2026:** 10 drugs based on Part D spending
- **2027:** 15 more drugs based on Part D spending
- **2028:** 15 drugs more based on combined Part D and Part B spending
- **2029 and beyond:** 20 more drugs based on combined Part D and Part B spending

Maximum fair prices (MFPs) were publicly released in August 2024

NEGOTIATED PRICES FOR IPAY 2026

Drug Name	Participating Drug Company	Commonly Treated Conditions	Agreed to Negotiated Price for 30-day Supply for CY 2026	List Price for 30-day Supply, CY 2023	Discount of Negotiated Price from 2023 List Price	Total Part D Gross Covered Prescription Drug Costs, CY 2023	Number of Medicare Part D Enrollees Who Used the Drug, CY 2023
Januvia	Merck Sharp Dohme	Diabetes	$113.00	$527.00	79%	$4,091,399,000	843,000
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Novo Nordisk Inc	Diabetes	$119.00	$495.00	76%	$2,612,719,000	785,000
Farxiga	AstraZeneca AB	Diabetes; Heart failure; Chronic kidney disease	$178.50	$556.00	68%	$4,342,594,000	994,000
Enbrel	Immunex Corporation	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	$2,355.00	$7,106.00	67%	$2,951,778,000	48,000
Jardiance	Boehringer Ingelheim	Diabetes; Heart failure; Chronic kidney disease	$197.00	$573.00	66%	$8,840,947,000	1,883,000
Stelara	Janssen Biotech, Inc.	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	$4,695.00	$13,836.00	66%	$2,988,560,000	23,000
Xarelto	Janssen Pharms	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	$197.00	$517.00	62%	$6,309,766,000	1,324,000
Eliquis	Bristol Myers Squibb	Prevention and treatment of blood clots	$231.00	$521.00	56%	$18,275,108,000	3,928,000
Entresto	Novartis Pharms Corp	Heart failure	$295.00	$628.00	53%	$3,430,753,000	664,000
Imbruvica	Pharmacyclics LLC	Blood cancers	$9,319.00	$14,934.00	38%	$2,371,858,000	17,000

***Note**: Numbers other than prices are rounded to the nearest thousands. List prices are rounded to the nearest dollar and represent the Wholesale Acquisition Costs (WACs) for the selected drugs based on 30-day supply using CY 2022 prescription fills. Drug companies' participation in the Negotiation Program is voluntary; the figures above represent estimates based on continued drug company participation in the Medicare program.*

Source: CMS

SELECTED DRUGS FOR IPAY 2027

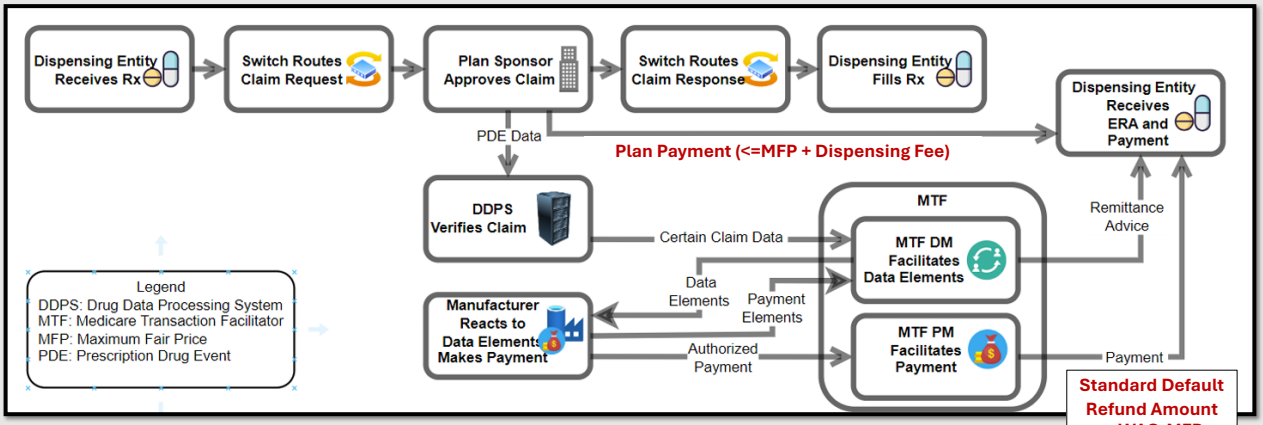
Drug Name	Commonly Treated Conditions*	Total Part D Gross Covered Prescription Drug Costs from November 2023-October 2024	Number of Medicare Part D Enrollees Who Used the Drug from November
Ozempic; Rybelsus; Wegovy	Type 2 diabetes; Type 2 diabetes and cardiovascular disease; Obesity/overweight and cardiovascular disease	$14,426,566,000	2,287,000
Trelegy Ellipta	Asthma; Chronic obstructive pulmonary disease	$5,138,107,000	1,252,000
Xtandi	Prostate cancer	$3,159,055,000	35,000
Pomalyst	Kaposi sarcoma; Multiple myeloma	$2,069,147,000	14,000
Ibrance	Breast cancer	$1,984,624,000	16,000
Ofev	Idiopathic pulmonary fibrosis	$1,961,060,000	24,000
Linzess	Chronic idiopathic constipation; Irritable bowel syndrome with constipation	$1,937,912,000	627,000
Calquence	Calquence Chronic lymphocytic leukemia/small lymphocytic lymphoma; Mantle cell lymphoma	$1,614,250,000	15,000
Austedo; Austedo XR	Chorea in Huntington's disease; Tardive dyskinesia	$1,531,855,000	26,000
Breo Ellipta	Asthma; Chronic obstructive pulmonary disease	$1,420,971,000	634,000
Tradjenta	Type 2 diabetes	$1,148,977,000	278,000
Xifaxan	Hepatic encephalopathy; Irritable bowel syndrome with diarrhea	$1,128,314,000	104,000
Vraylar	Bipolar I disorder; Major depressive disorder; Schizophrenia	$1,085,788,000	116,000
Janumet; Janumet XR	Type 2 diabetes	$1,082,464,000	243,000
Otezla	Oral ulcers in Behçet's Disease; Plaque psoriasis; Psoriatic arthritis	$994,001,000	31,000

*Note: Numbers are rounded to the nearest thousands. * The commonly treated conditions are limited to conditions for which prescription drug coverage is currently available under the Medicare Part D program.*

For the time period between November 1, 2023 and October 31, 2024, which is the time period used to determine which drugs were eligible for negotiation for this second cycle, about 5,258,000 people with Medicare Part D coverage used these drugs to treat a variety of conditions, such as type 2 diabetes, prostate cancer, and chronic obstructive pulmonary disease. These selected drugs accounted for $40.7 billion in total gross covered prescription drug costs under Medicare Part D, or about 14% of total gross covered prescription drug costs under Medicare Part D during that time period. When combined with the total gross covered prescription drug costs under Medicare Part D of the 10 drugs selected for the first cycle of negotiations (which were about $60 billion during the same time period of November 1, 2023 through October 31, 2024), this represents 36% of total gross covered prescription drug costs under Medicare Part D during that time period.

Source: CMS

FIGURE 3: DIAGRAM OF **MTF PAYMENT FLOW** FOR PRIMARY MANUFACTURERS THAT PARTICIPATE IN THE MTF PM



MTF = Medicare Transaction Facilitator
DM = Data Module
PM = Payment Module

Source: https://www.cms.gov/files/document/medicare-drug-price-negotiation-final-guidance-ipay-2027-and-manufacturer-effectuation-mfp-2026-2027.pdf

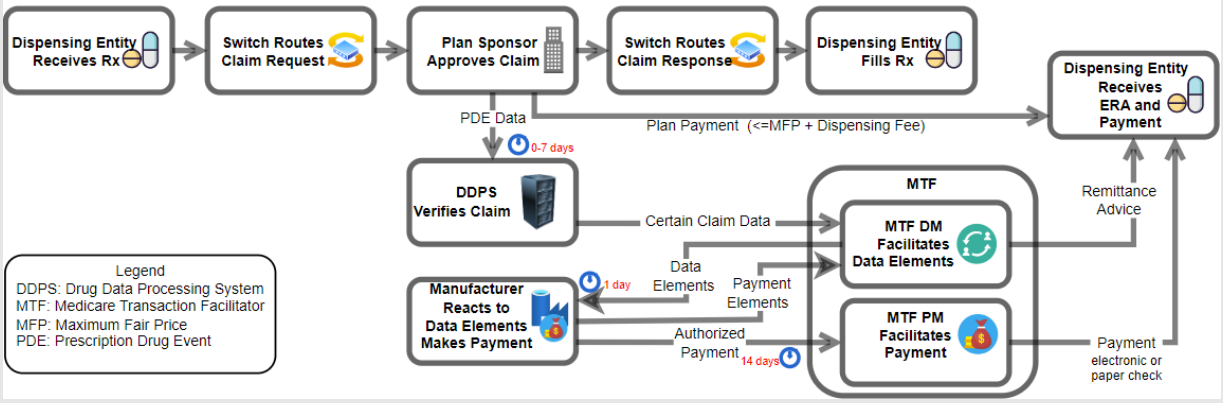
MEDICARE DRUG PRICE NEGOTIATION: PAYMENT AND REFUND STRUCTURE

- PBMs can reimburse at no more than MFP + any dispensing fee.
- **Manufacturers must refund pharmacies** the difference between MFP and the actual acquisition cost.
- CMS suggests a standard refund of WAC – MFP, but manufacturers can choose a different method.
- **Refunds are due within 14 days**—but only after manufacturers receive data from plans. Delays may cause pharmacies to wait 21+ days for reimbursement, creating cash flow risks.

WHAT IS THE MEDICARE TRANSACTION FACILITATOR?

- The MTF is a secure system created to help Part D plans, pharmacies, and other stakeholders share information about Medicare Part D drug coverage.
- It acts like a **messenger between payers and plans to coordinate benefits and prevent duplicate payments**.
- Think of it as the **traffic controller for Medicare Part D drug claims**.

MTF DATA EXCHANGE AND PAYMENT FACILITATION



Source: https://www.cms.gov/files/document/medicare-drug-price-negotiation-final-guidance-ipay-2027-and-manufacturer-effectuation-mfp-2026-2027.pdf

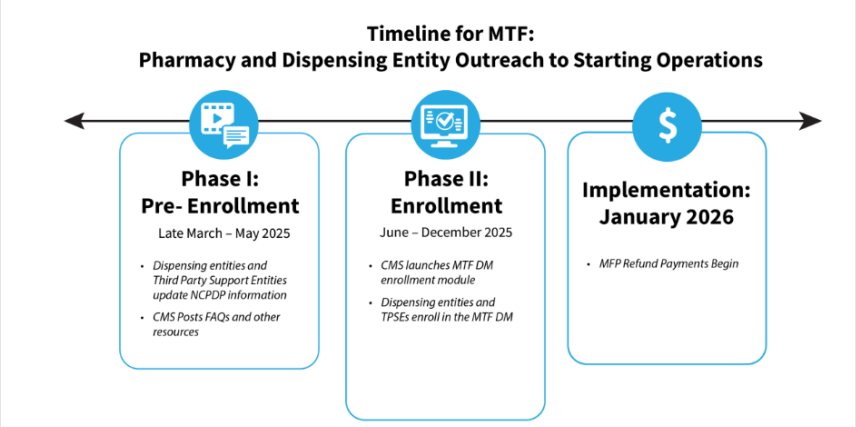
WHAT YOU NEED TO DO BEFORE ENROLLMENT

- ✓ Make sure your **NCPDP Profile is accurate and updated**
- ✓ Before enrollment, pharmacies need to know which functions, such as central pay or reconciliation services, they want to **assign to any third-party support entities such as PSAOs or reconciliation vendors**.
- ✓ During enrollment, pharmacies will need to **sign a legal agreement so proceed with caution** and be sure to carefully review and have your legal counsel review.
- ✓ During enrollment, **identify as having "material cashflow concerns,"** as manufacturers can provide pharmacies with a plan for mitigating their cashflow concerns.

MTF: ENROLLMENT AND LOGISTICS

Pharmacy enrollment began June 9, 2025 via the MTF

Enrollment is required to participate in Medicare Part D programs



HOW TO ENROLL IN THIS…BEAST

****Pharmacies can indicate if they have cash flow concerns**, which may qualify them for financial relief from manufacturers.

**Manufacturers aren't required to use the MTF's payment system, so you may have to deal with multiple refund sources.

NCPA'S ADVOCACY

NCPA COMMENTS SUBMITTED

- Letter to CMS on Draft Guidance on the Medicare Drug Price Negotiation Program (MDPNP) (June 2025)
- Comments to CMS deregulation RFI (June 2025)
- Welcome letter to Dr. Oz (May 2025)
- Comments to CMS on MDPNP program draft forms (May 2025)
  - MTF DM Dispensing Entity and Third-Party Support Entity Enrollment Form
  - MTF DM Primary Manufacturer MFP Effectuation Plan Form
  - Complaint and Dispute Intake Form

NCPA COMMENTS SUBMITTED

- Joint NCPA/APhA/ASCP/NASPA/ASHP letter calling on CMS to freeze the MDPNP (Feb 2025)
- Comments to CMS on Medicare Part D and MA advance notice (Feb 2025)
- Comments to CMS on Medicare Part D proposed rule (Jan 2025)
- Comments to Domestic Policy Council regarding concerns with the MDPNP (Jan 2025)
- Comments to CMS on its draft pharmacy agreements of the MDPNP (Jan 2025)
- Letter to DOGE regarding recommendations for PBM reform and reforms to the MDPNP (Dec 2024)

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  - Complaint and Dispute Intake Form
- Comments to CMS' calendar year 2025 physician fee schedule (Sept 2024)
- Comments to CMS' draft guidance on the MDPNP (July 2024)

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UNPACKING THE FINANCIAL IMPACTS OF MEDICARE DRUG PRICE NEGOTIATION

Payment delays: Pharmacies will face prescription payment settlement delays of at least seven additional days for negotiated drugs, exceeding current Medicare Part D prompt pay requirements.

Weekly cash flow shortfalls: Each pharmacy stands to lose nearly $11,000 in weekly cash flow due to delayed payments.

Annual revenue losses: Pharmacies could forfeit an average of $43,000 in annual revenue — roughly equivalent to a pharmacy technician's yearly salary.

Source: https://ncpa.org/sites/default/files/2025-01/January2025-ThreeAxisAdvisors-Unpacking-the-Financial-Impacts-of-Medicare-Drug-Price-Negotiation.pdf

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IRA MFP CONCERNS

Goal is to lower out of pocket costs for patients who use these drugs, however, PBM's ARE NOT REQUIRED to place these drugs on their lowest cost-sharing tiers.

Pharmacies will still be purchasing these drugs at the same prices they do today from their wholesalers.

CMS must require Part D plans and PBM's to pay pharmacies NO LESS than the maximum fair price PLUS a commensurate dispensing fee when providing these drugs to patients, and CMS SHOULD MANDATE THAT PBM'S CANNOT ASSESS DIR FEES ON THE MFP DRUGS.

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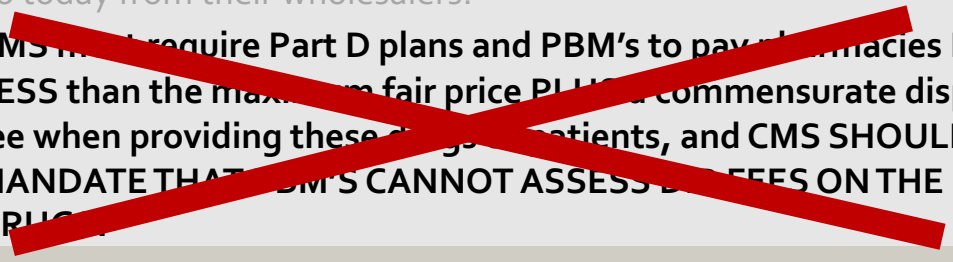


LONG-TERM CARE PHARMACIES

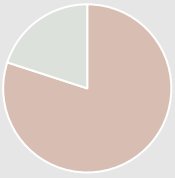
Concerns Intensified for LTC Pharmacies

- Increased volume of business in Medicare Part D
- Mandate to fill prescriptions for patients in LTC
- Same terms from wholesalers as retail pharmacies
- For Part A contracts with the facility, the facility must be billed at the higher price, not the new MFP → facility pays more for these drugs
- More at risk for LTC pharmacies

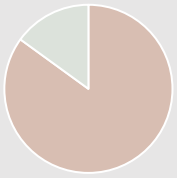
Patients ultimately suffer.

IRA IMPACT ON LTC PHARMACY

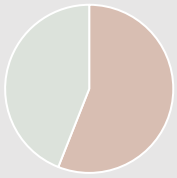
8 in 10 listed MFP drugs are heavily relied upon by LTC patients



85% of LTC pharmacies say they may need to limit services

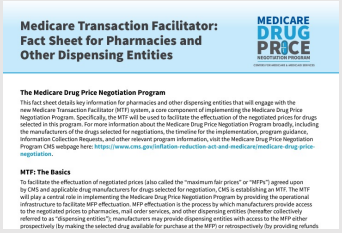


56% of LTC pharmacies say they will be challenged to keep dispensing certain medications



Source: https://seniorcarepharmacies.org/60-percent-of-ltc-pharmacies-warn-of-closure-amid-major-drug-pricing-changes/?utm_source=chatgpt.com

CMS PHARMACY AND DISPENSING ENTITY RESOURCE WEBSITE



Medicare Transaction Facilitator: Fact Sheet for Pharmacies and Other Dispensing Entities

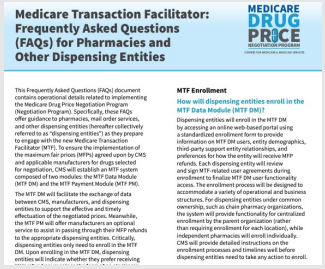
MEDICARE DRUG PRICE NEGOTIATION PROGRAM

The Medicare Drug Price Negotiation Program

This fact sheet details key information for pharmacies and other dispensing entities that will engage with the new Medicare Transaction Facilitator (MTF) system, a core component of implementing the Medicare Drug Price Negotiation Program. Specifically, the MTF will be used to facilitate the effectuation of the negotiated prices for drugs selected in this program. For more information about the Medicare Drug Price Negotiation Program broadly, including the manufacturers of the drugs selected for negotiations, the timeline for the implementation, program guidance, Information Collection Requests, and other relevant program information, visit the Medicare Drug Price Negotiation Program CMS webpage here: https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation.

MTF: The Basics

To facilitate the effectuation of negotiated prices (also called the "maximum fair prices" or "MFPs") agreed upon by CMS and applicable drug manufacturers for drugs selected for negotiation, CMS is establishing an MTF. The MTF will play a central role in implementing the Medicare Drug Price Negotiation Program by providing the operational infrastructure to facilitate MFP effectuation. MFP effectuation is the process by which manufacturers provide access to the negotiated prices to pharmacies, mail order services, and other dispensing entities (hereafter collectively referred to as "dispensing entities"); manufacturers may provide dispensing entities with access to the MFP either prospectively (by making the selected drug available for purchase at the MFP) or retrospectively (by providing refunds



Medicare Transaction Facilitator: Frequently Asked Questions (FAQs) for Pharmacies and Other Dispensing Entities

MEDICARE DRUG PRICE NEGOTIATION PROGRAM

This Frequently Asked Questions (FAQs) document contains operational details related to implementing the Medicare Drug Price Negotiation Program (Negotiation Program). Specifically, these FAQs offer guidance to pharmacies, mail order services, and other dispensing entities (hereafter collectively referred to as "dispensing entities") as they prepare to engage with the new Medicare Transaction Facilitator (MTF). To ensure the implementation of the maximum fair prices (MFPs) agreed upon by CMS and applicable manufacturers for drugs selected for negotiation, CMS will establish an MTF system composed of two modules: the MTF Data Module (MTF DM) and the MTF Payment Module (MTF PM).

The MTF DM will facilitate the exchange of data between CMS, manufacturers, and dispensing entities to support the effective and timely effectuation of the negotiated prices. Meanwhile, the MTF PM will offer manufacturers an optional service to assist in passing through their MFP refunds to the appropriate dispensing entities. Critically, dispensing entities only need to enroll in the MTF DM. Upon enrolling in the MTF DM, dispensing entities will indicate whether they prefer receiving

MTF Enrollment

How will dispensing entities enroll in the MTF Data Module (MTF DM)?

Dispensing entities will enroll in the MTF DM by accessing an online web-based portal using a standardized enrollment form to provide information on MTF DM users, entity demographics, third-party support entity relationships, and preferences for how the entity will receive MFP refunds. Each dispensing entity will review and sign MTF-related user agreements during enrollment to finalize MTF DM user functionality access. The enrollment process will be designed to accommodate a variety of operational and business structures. For dispensing entities under common ownership, such as chain pharmacy organizations, the system will provide functionality for centralized enrollment by the parent organization (rather than requiring enrollment for each location), while independent pharmacies will enroll individually. CMS will provide detailed instructions on the enrollment processes and timelines well before dispensing entities need to take any action to enroll.

https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation/resources-pharmacies-and-dispensing-entities

TO RECAP…

- Pharmacies are **worried they will have to float program costs** while waiting for reimbursement.
- NCPA urges CMS to **ensure pharmacies are paid at least the MFP for drugs, plus a dispensing fee with no DIR fees.**
- NCPA recommends CMS **shorten data reporting windows** to expedite pharmacy payments.
- NCPA **opposes manufacturers using a benchmark lower than WAC** to calculate pharmacy refunds.

RESOURCES

- Inflation Reduction Act: Resources and Advocacy | NCPA
- Regulatory Advocacy | NCPA
- Pharmacy and Dispensing Entity Resources | CMS
- Impact of MFP Effectuation on Pharmacies and Beneficiaries | Avalere Health Advisory
- ThreeAxisAdvisors MDPN Study

POST-TEST

1. When was vaccine coverage implemented per the inflation reduction act?

- 2021
- 2023
- 2024
- 2025

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POST-TEST

2. What year will the first round of negotiated prices take effect under the MDPN program?

- 2023
- 2024
- 2025
- 2026

POST-TEST

3. Which of the following types of drugs are initially targeted for price negotiation under the MDPN?

- Newly-approved brand name drugs
- OTC medications
- High-expenditure, single-source brand-name drugs with no generic competition
- All Part D drugs

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POST-TEST

4. Which of the following MFP drugs had the highest number of Medicare Part D enrollees who used the drug in CY 2023

- Farxiga
- Eliquis
- Jardiance
- Stelara

POST-TEST

5. True or false: enrollment in the MTF is required for participation in Part D.

- True
- False

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POST-TEST

6. What is the CMS required timeline for manufacturers to facilitate payment to pharmacies?

- 0-7 days
- 3 days
- 14 days

POST-TEST

7. What is the formula that CMS suggests for manufacturers to calculate the pharmacy refund amount?

- WAC-MFP
- NADAC-MFP
- AWP-MFP

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POST-TEST

8. How might the MDPN program impact long-term care pharmacies and retail pharmacies?

- Pharmacies may need to negotiate contracts with drug manufacturers
- Pharmacies may experience changes in reimbursement due to lower negotiated drug prices
- Pharmacies will no longer be able to dispense negotiated drugs

POST-TEST

9. A study done by 3Axis Advisors shows that pharmacies may be floating $_____ per week as a result of the MDPN program.

- $3,000
- $11,000
- $43,000
- $54,000

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POST-TEST

10. How many of the first 10 drugs to be negotiated in the MDPN are heavily utilized by LTC patients?

- 2 in 10
- 5 in 10
- 8 in 10
- 10 of 10

THANK YOU!

Questions?

You can reach me at

Jessica Satterfield
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703-838-2669

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