**Inflation Reduction Act of 2022**

***As passed by the US Senate on 8/7/22 (expected to be approved by House on 8/12/22)***

**Provisions of interest to PCAs and CHCs**

[**Lowering drug prices and patients spending under Medicare.**](https://www.democrats.senate.gov/topline-messages-for-senate-prescription-drug-pricing-reforms_fy22-budget-reconciliation&download=1)

* Allows Medicare to negotiate lower prices for 10 high-cost drugs beginning in 2026, ramping up to 20 drugs by 2029.
  + There is a steep penalty if a drug company doesn’t come to the table: a tax of up to 95 percent of the sales of the drug.
  + There is a ceiling that the negotiated price cannot rise above.
  + Drugs must be at least 9 years old (or 13 for more complex “biologic” drugs) to be subject to negotiation.
* Requires drug companies who raise prices in Medicare faster than the rate of inflation to repay the Federal government for the additional revenue.[[1]](#footnote-1)
  + This provision is expected to lower 340B discounts and savings somewhat; however, the the actual impact is difficult to predict, and is smaller than it would have been if the provision had been extended to the private insurance.
* Caps Medicare patients’ out-of-pocket spending for drugs at:
  + $2,000 a year overall starting in 2025.
  + $35 a month for insulin.[[2]](#footnote-2)
* Restricts how quickly Part D premiums can rise.
* For drugs subject to Medicare price negotiation, allows 340B providers to pay the lower of the 340B ceiling price or the Medicare-negotiated price.

**Extending higher ACA premium subsidies through end of 2025.**

* Extends the higher premiums subsidies that were enacted in the American Rescue Plan through Dec. 31, 2025.
* These subsidies are both higher dollar-value, and are available to higher-income enrollees (e.g., for individuals with incomes up to $52,000) than standard ACA subsidies.

**Assisting communities to address climate change.**

* Provides $3 billion for environmental justice block grants, which are community-led programs addressing harms from climate change and pollutants.
* Provides $3 billion for air pollution monitoring in low-income communities.

1. Senate Democrats tried to extend this provision to the private insurance market, but it was removed from the package due to Senate rules. [↑](#footnote-ref-1)
2. Senate Democrats tried to extend this provision to the private insurance market, but it was removed from the package due to Senate rules. They added it in anyway, but it was stripped via a Republican amendment. [↑](#footnote-ref-2)