

<b>POLICY AND PROCEDURE</b>	
<b>Title:</b> Inflation Reduction Act (IRA) Implementation for Part D Medications	
<b>Primary policy owner:</b> Pharmacy	<b>Policy #:</b> PH40
<b>Impacted/Secondary policy owner:</b> Select the department(s) that are responsible for compliance with all, or a portion of the policy or procedure as outlined	
1) <input type="checkbox"/> All Departments 2) <input type="checkbox"/> Behavioral Health & Social Services (BH/SS) 3) <input type="checkbox"/> Benefits Administration (BA) 4) <input type="checkbox"/> Case Management (CM) 5) <input type="checkbox"/> Claims (CLMS) 6) <input type="checkbox"/> Community Marketplace & Member Engagement (MAR) 7) <input type="checkbox"/> Compliance (CMP/HPA) 8) <input type="checkbox"/> Configuration (CFG) 9) <input type="checkbox"/> Provider Contracting (CONT) 10) <input type="checkbox"/> Cultural & Linguistics (CL) 11) <input type="checkbox"/> Customer Service (CS)	12) <input type="checkbox"/> Facilities (FAC) 13) <input type="checkbox"/> Finance (FIN) 14) <input type="checkbox"/> Human Resources (HR) 15) <input type="checkbox"/> Information Technology / Core Systems (IT) 16) <input checked="" type="checkbox"/> Pharmacy (PH) 17) <input type="checkbox"/> Provider Networks (PRO) 18) <input type="checkbox"/> QI Health Equity (GRV/HE/HEQ/PHM/QM) 19) <input type="checkbox"/> Utilization Management (UM) 20) <input type="checkbox"/> Procurement (PRM) 21) <input type="checkbox"/> Administration (SAF/BC/EM) 22) <input type="checkbox"/> Medical Management (MM)
<b>Product Type:</b> <input type="checkbox"/> Medi-Cal <input checked="" type="checkbox"/> D-SNP	<b>Supersedes Policy Number:</b> NA

**I. PURPOSE**

To ensure Health Plan of San Joaquin and Mountain Valley Health Plan ("Health Plan") is in compliance with all contractual requirements, applicable federal and state laws, and regulations for responding, preventing, reviewing, and investigating all reported and identified non-

compliance. Health Plan Workforce and Delegates implement the Inflation Reduction Act (IRA) provisions related to the Part D drug benefit, in compliance with federal and state regulations and other program requirements.

## II. POLICY

- A. Health Plan must implement the changes from the IRA introduced to the Medicare program starting in 2023. Some of the changes have gone into effect while others are scheduled in the coming years.
- B. Health Plan must be alerted to any new changes introduced by the IRA and communicated via guidance released by the Centers for Medicare and Medicaid Services (CMS).
  1. IRA provisions already in effect:
    - a. Health Plan must make all Part D adult vaccines recommended by the Advisory Committee on Immunization Practices (ACIP), available to members at no cost (starting in 2023).
    - b. Cost sharing for a covered insulin product must not exceed \$35 (or less, if the plan benefit has lower cost) for a 30-day supply regardless of benefit phase. This includes insulin used in a durable medical equipment pump and covered under Part B (in 2023).
    - c. Members must not pay any cost sharing for Part D medications once they reach the catastrophic phase of the benefit (starting in 2024).
    - d. Low Income subsidy program must be expanded to include individuals with incomes up to 150% of the federal poverty level (starting in 2024).
    - e. Out of pocket maximum must be capped at \$2000 per year (starting in 2025).
    - f. The coverage gap must be eliminated from the Part D coverage stages (starting in 2025).
    - g. A Medicare Prescription Payment Plan must be implemented (starting in 2025).

2. IRA provisions proposed for coverage year (CY) 2026.
  - a. Health Plan must include, on its formulary, drugs selected by CMS, for which a Maximum Fair Price (MFP) is in effect.
  - b. MFP is the result of negotiations between the federal government and the drug manufacturer.

### III. PROCEDURE

- A. The PBM shall alert to CMS release guidance and final call letter to identify the changes that need to be implemented in the benefit year.
- B. The PBM provides specific test claims prior to the benefit year to show that appropriate coding has taken place.
- C. Health Plan reviews and validates the test claims related to existing and new IRA provisions, to ensure that they are implemented appropriately.
- D. Health Plan alerts the PBM any time an issue with the IRA implementation is identified to rectify the issue expeditiously.
- E. Health Plan ensures that the Pharmacy staff is trained in IRA annual provisions so they can answer related inquiries from providers and members.

### IV. ATTACHMENT(S)

- A. [Glossary of Terms Link](#)

### V. REFERENCES

- A. CMS Draft Part D Redesign Instructions Fact Sheet, released Jan 10, 2025
- B. CMS Guidance: Contract Year 2023 Program Guide Related to Inflation Reduction Act Changed to Part D Coverage of Vaccines and Insulin
- C. CMS Inflation Reduction Act webpage: <https://www.cms.gov/inflation-reduction-act-and-medicare>
- D. CMS Medicare Prescription Payment Plan webpage: <https://www.cms.gov/inflation-reduction-act-and-medicare/part-d-improvements/medicare-prescription-payment-plan>

- E. State Medicaid Agency Contract (SMAC)
- F. Health Plan Contract with Centers for Medicare & Medicaid Services (CMS)

**VI. REVISION HISTORY**

\*Version 001 as of 01/01/2023

Version*	Revision Summary	Date
001		
002		
003		
004		
<b>Initial Effective Date: 09/24/2025</b>		
<b>Published Date:09/29/2025</b>		

**VII. Committee Review and Approval To Be Completed by Compliance**

Committee Name	Version	Date
Compliance Committee	001	09/24/2025
<ul style="list-style-type: none"> <li>• Privacy &amp; Security Oversight Committee</li> </ul>		
<ul style="list-style-type: none"> <li>• Program Integrity Committee</li> </ul>		
<ul style="list-style-type: none"> <li>• Audits &amp; Oversight Committee</li> </ul>		
<ul style="list-style-type: none"> <li>• Policy Review Committee</li> </ul>		
Quality Improvement Health Equity Committee (QIHEC)		
<ul style="list-style-type: none"> <li>• Quality Operations Committee</li> </ul>		
<ul style="list-style-type: none"> <li>• Grievance Committee</li> </ul>		

**VIII. REGULATORY AGENCY APPROVALS**

Department	Reviewer	Version	Date
Department of Healthcare Services (DHCS)			
Department of Managed Care (DMHC)			



**IX. Approval signature\***

<b>Signature</b>	<b>Name Title</b>	<b>Date</b>
	PRC Chairperson	
	Policy Owner	
	Department Executive	
	Chief Executive Officer	

\*Signatures are on file, will not be on the published copy