

What the **Inflation Reduction Act** Means for Your Medicare Drug Costs

New 2025 data shows the IRA's impact on patient out-of-pocket costs is mixed — and depends on your individual plan, medications, and circumstances.

The Inflation Reduction Act (IRA), enacted in 2022, introduced major changes to Medicare prescription drug coverage. These reforms are intended to improve affordability, particularly for patients with high drug costs.

New data from 2025 show that the impact on patient out-of-pocket (OOP) costs is **mixed** — depending on individual circumstances and plan design.

\$2,000

Annual cap on Medicare Part D out-of-pocket drug costs

\$463

Average annual OOP spending per beneficiary (2021 baseline)

\$0

Cost for recommended vaccines under Medicare Part D

KEY FINDINGS

- Average OOP costs **increased** for many drugs
- More beneficiaries filling Rx **at no cost**
- Most do **not** reach the \$2,000 cap
- Costs vary by **plan design** & coverage rules

WHAT CHANGED

- **\$2,000 annual cap** on OOP drug costs
- **No cost-sharing** for vaccines (Part D)
- Changes to **drug benefit structure**
- Gov't-set prices for **selected drugs** (2026–27)

⚠ For 10 of the 24 drugs analyzed, Maximum Fair Prices (MFP) took effect **January 1, 2026**.

DRUGS IN ANALYSIS

This is a sampling of the 24 drugs analyzed:

Eliquis Stroke/clots	Entresto Heart failure
Ibrance Breast cancer	Jardiance Diabetes
Farxiga Diabetes	Enbrel Autoimmune
Stelara Autoimmune	Trelegy COPD/asthma

Note: Insulin OOP costs are separately capped.

WHY COSTS MAY CHANGE

Your costs depend on:

- Your **Medicare drug plan**
- Medication **drug tier**
- **Drug class**
- **PBM** decisions
- **Generics** or biosimilars available

WHAT CAN PATIENTS DO?



Review your plan each year

Compare your out-of-pocket costs for all your meds and premiums.



Talk to your doctor or pharmacist

Ask about lower-cost alternatives, generics, or better-covered medications.



Understand your coverage

Check for prior authorization, high-cost tiers, or step therapy restrictions.



Share your experience

Contact your plan, patient advocacy groups, policymakers, or your pharmacist.



You may pay **nothing** for some prescriptions



If you still pay OOP, costs **may be higher** than before



Your experience depends on your **specific plan** and medications

CONCLUSION

The IRA is changing Medicare drug coverage, but its effects are **not the same for all patients**. Some see lower costs; others face higher out-of-pocket expenses.

As additional changes take effect, understanding your coverage and options will remain essential.

For updated analysis, visit www.pioneerinstitute.org