



**ThoughtSpot**

# Crunch Time: How the Inflation Reduction Act Will Affect Your Pharmacy

**David Senior, Senior Vice President, Market  
Economics, Cencora**

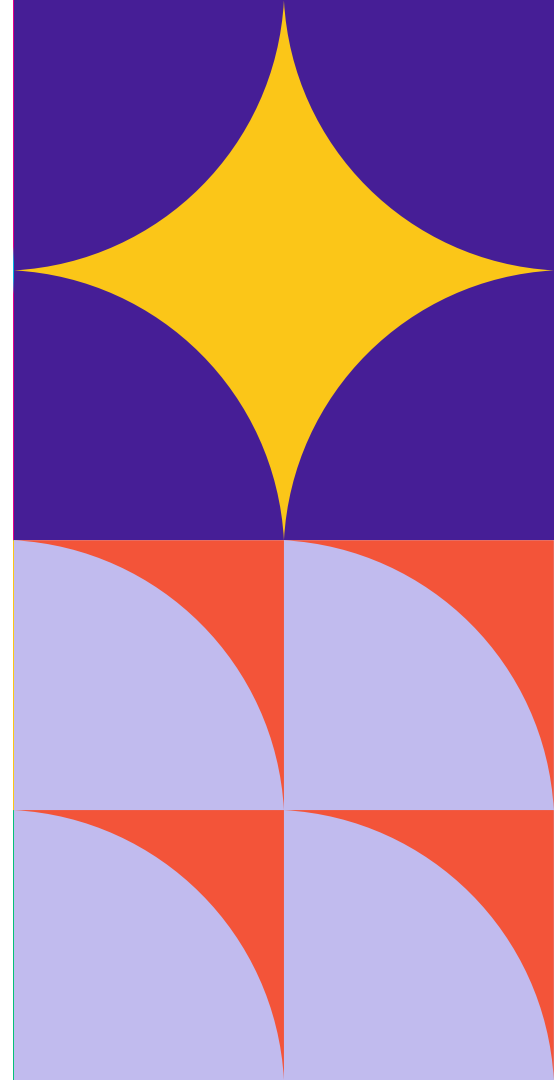
**Whitley Quan, MPH, Manager, U.S. Public  
Policy, Cencora**

**Tim Weber, RPh, MBA, MS, CPEL, 340B ACE,  
Vice President, Pharmacy Enablement and  
Performance, Cencora**

# Disclosure Statement

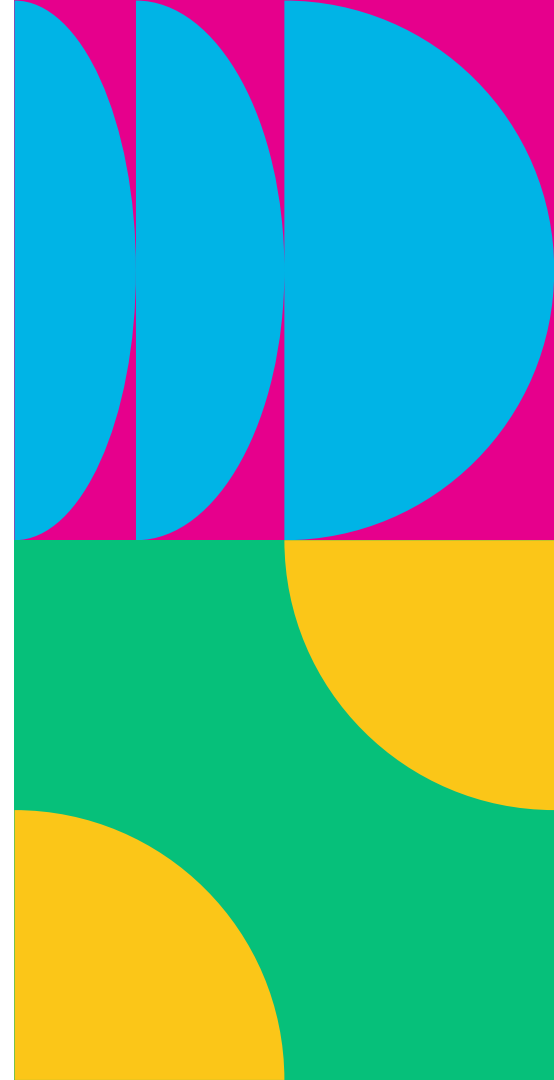
David Senior, Whitley Quan, and Tim Weber have a financial interest with Cencora and the relationship has been mitigated through peer review of this presentation. There are no relevant financial relationships with ACPE defined commercial interests for anyone else in control of the content of the activity.

This presentation contains product names and images for educational purposes only. It is not meant to be an endorsement or advertisement of any particular product or product categories.



# Learning Objectives

1. Recall pharmaceutical-related provisions in the Inflation Reduction Act of 2022.
2. Recognize the uncertainties various channel stakeholders face due to the Inflation Reduction Act.
3. Describe how the Inflation Reduction Act may impact pharmacies operationally and financially.



# Speakers



**David Senior**

Senior Vice President, Market  
Economics  
Cencora



**Whitley Quan, MPH**

Manager, U.S. Public Policy  
Cencora



**Tim Weber, RPh, MBA, MS,  
CPEL, 340B ACE**

Vice President, Pharmacy  
Enablement and Performance  
Cencora

# Key provisions in the Inflation Reduction Act

Federal legislation signed into law August 2022



## Inflation penalties



**Live**

Medicare Part B and Part D price increases that outpace inflation owe rebates



## Part D benefit design



**Live**

- In 2024 removes Out of Pocket (OOP) in catastrophic phase
- In 2025, lowers OOP to \$2,000, with monthly smoothing option
- Expands Low Income Subsidy
- \$0 OOP for Part D vaccines
- \$35 insulin OOP cap



## Biosimilar reimbursement



**Live**

ASP + 8% of reference biologics ASP (5 years, through 2027)



## Affordable Care Act subsidies



**Live**

Extends patient premium subsidies for <400% Federal Poverty Level through 2025



## Medicare negotiation



**2026+**

Negotiation of Maximum Fair Price (MFP) starts in 2023, effective prices starting in 2026:

### 2026: 10 Part D Drugs

Products Selected ✓

Prices Announced ✓

### 2027: 15 Part D Drugs

Products Selected ✓

### 2028: 15 Part D or Part B Drugs

### 2029: 20 Part D or Part B Drugs

# 2027 MFP Negotiation Timeline

Second round of MFP negotiation underway with prices available by late November

## 2026 MFP Selections

Negotiated prices effective: 1/1/2026

Drug	Manufacturer
Eliquis	BMS/Pfizer
Jardiance	BI/Eli Lilly
Xarelto	JNJ
Januvia	Merck
Farxiga	AZ / BMS
Entresto	Novartis
Enbrel	Amgen
Imbruvica	AbbVie
Stelara	Janssen
NovoLog / Fiasp	Novo Nordisk

IPAY 2026

IPAY 2027

**September 1, 2025**

MFR deadline to submit 2026 MFP effectuation plan to CMS

**November 15, 2025**

Deadline for Part D Dispensing Entities to enroll in MTF

**January 17, 2025**

CMS published list of 15 MFP drugs for 2027

**November 30, 2025**

Deadline for CMS to publish 2027 negotiated prices

**January 1, 2026**

2026 negotiated prices go live

## 2027 MFP Selections

Negotiated prices effective 1/1/2027

Drug	Manufacturer
Ozempic; Rybelus; Wegovy	Novo Nordisk
Trelegy Ellipta	GSK
Xtandi	Pfizer
Pomalyst	BMS
Ibrance	Pfizer
Ofev	BI
Linzess	AbbVie
Calquence	AstraZeneca
Austedo; Austedo XR	Teva
Breo Ellipta	GSK
Tradjenta	Eli Lilly/BI
Xifaxan	Salix
Vraylar	AbbVie
Janumet	Merck
Otezla	Amgen

# Recent Executive Orders could shape the future of the Drug Negotiation Program

## Increase Transparency within the IRA Negotiation program

- Many stakeholders have complained about aspects ranging from product selection to MFP implementation

## Stabilize Part D Premiums

- Response to address rising premium costs due to IRA changes could involve shift to Medicare Advantage where payers have more control

## Fix the “Pill Penalty”

- Would require IRA amendment from Congress to enact change
- Presumably would increase time on market threshold for small molecule products from 9 to 13 years, putting them on parity with biologics
- Potential impacts to MFP product selections

Source: Congress.gov

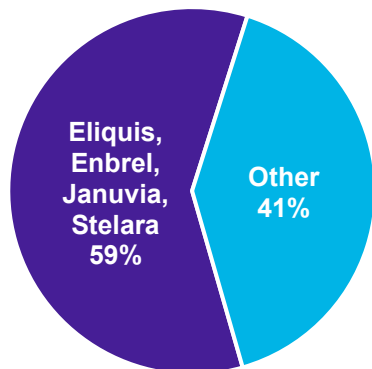
# State of Play: IRA Legislative Fixes

- **Protecting Patient Access to Cancer and Complex Therapies Act**
  - Would revert physician reimbursement for administering drugs under Medicare Part B to ASP plus 6%
  - Introduced July 9, 2025, by Reps. Neal Dunn (R-FL), Greg Murphy (R-NC) and Adam Gray (D-CA)
- **'One Big Beautiful Bill' Act**
  - Orphan Drug Fix – Exemption from IRA Drug Price Negotiation
    - Exempts all orphan-only drugs from Inflation Reduction Act (IRA) price controls, regardless of whether they treat one or multiple rare diseases. It also specifies that the countdown to negotiation eligibility does not begin until a drug is approved for non-orphan use



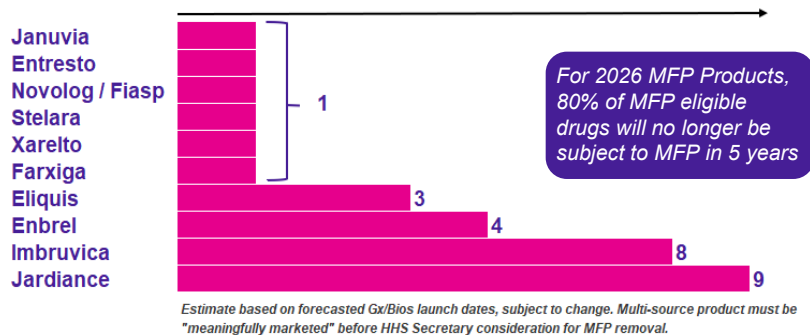
# 2026 MFP prices are providing more visibility into the magnitude of impact on manufacturers

## Estimated Government Savings



Source: Brookings

## 2026 MFP Products - Est. Years subject to MFP



Source: COR Analysis, IPD

	2026 MFP Drugs	2027 MFP Drugs
Average Yrs on Market	18	13
Medicare Mix	51%	34%
WAC to MFP Reduction	-63%	n/a

Source: COR Analysis, IPD

# New landscape likely to drive aggressive actions to mitigate impacts



## BRx Manufacturer

---

- Higher launch prices
- Moderated WAC inflation in line with CPI due to inflation penalties on existing products
- Will need to consider providing new value to physicians to offset commercial reimbursement reductions that will follow ASP
- Pipelines reduced and innovation weighted towards biologics or products with lower Medicare mix
- Significant expense reduction initiatives underway broadly across the MFR industry



## Part D Plan Sponsors

---

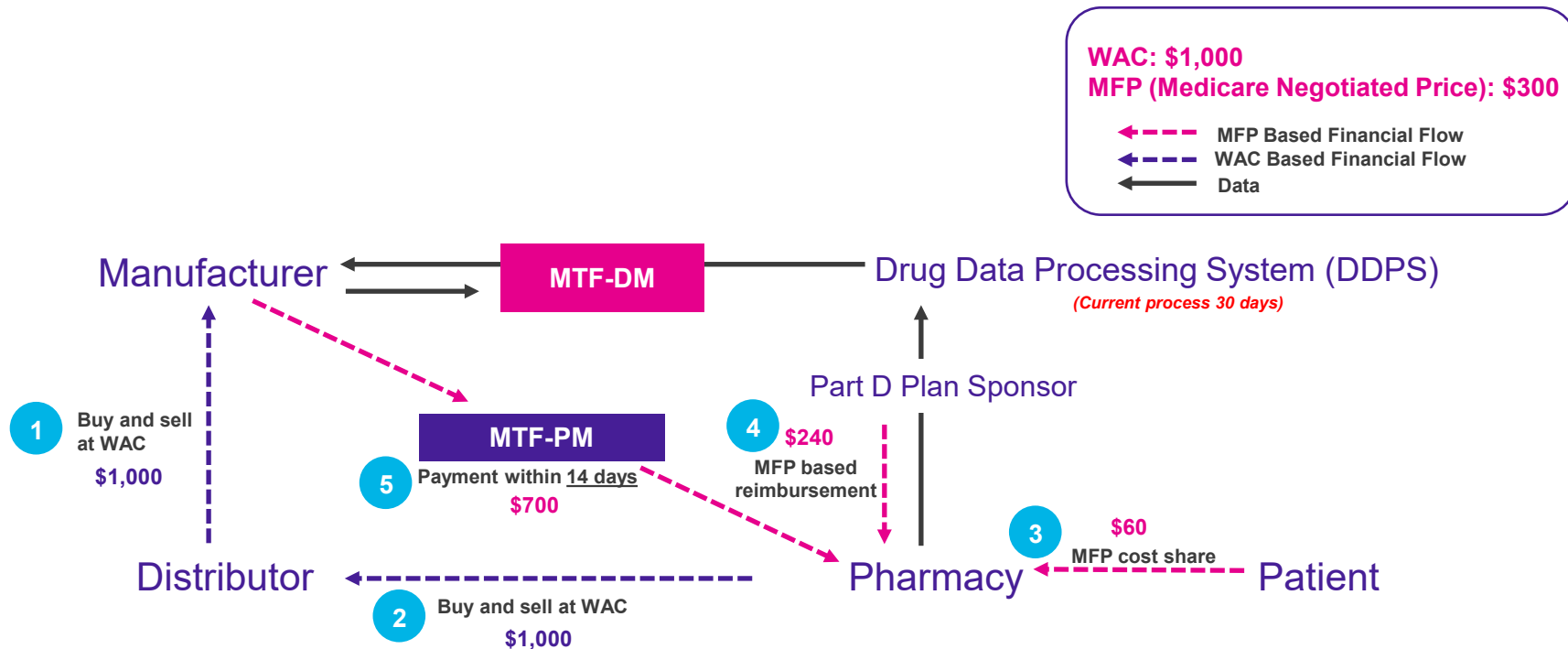
### **Economic Model Pressured:**

- Higher plan liability in Part D Redesign
- Will no longer collect PBM rebates on negotiated drugs
- Increase in patient premiums, currently shielded from patients due to CMS Premium Stabilization Demo

### **Cost / Formulary Management:**

- Increase in Utilization Management to slow utilization increases
- Narrower formularies, especially outside of protected classes
- Preference towards high WAC / high rebate products competing with MFP drugs

## Pharmacy continues to buy at market price with backend manufacturer payment



## Pharmacies must enroll in the MTF before November 2025

[MTF Fact Sheet](#)  
[MTF FAQ](#)

# Retrospective MFP refund solutions present serious challenges associated with cash flow, operations, 340B, and patient access



Manufacturers are required to pay pharmacy refunds within 14 days of receiving CMS data

**Day 0:** Product dispensed

**Day 30:** Data sent to manufacturer

**Day 44:** Payment made to pharmacy

CMS collects and prepares data

Manufacturer calculates refund

**Day 45:** Civil penalty owed for late payment



Manufacturers will be required to enroll, reconcile, and manage accounts related to IRA



COR has more than **20,000** customers



COR currently processes more than **1.5M** chargebacks daily

**Manufacturers will struggle to manage the scale of transactions**

Source: Drug Channels, Cencora



**Duplicate discounts**

There is a high risk of an MFP refund being paid out on a product that was already bought using a 340B discount



**Distributor**

Pharmacy purchase \$1,000 WAC product at \$200 340B price

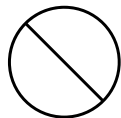


**Pharmacy**

Manufacturer refunds pharmacy \$700



**Manufacturer**



**Patient access**

Pharmacies are struggling with the economics of IRA, especially around retrospective refunds

**\$27K**

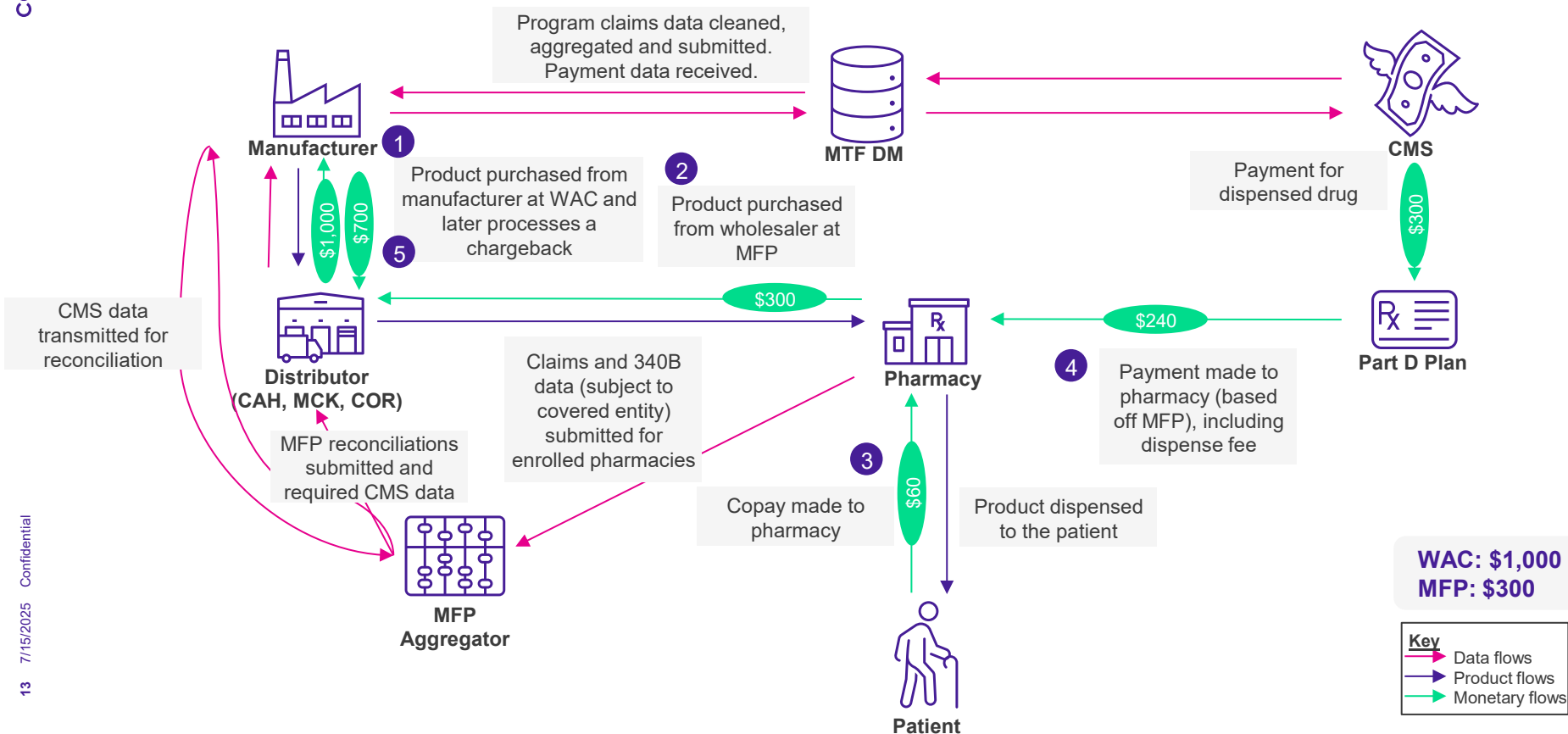
The amount of working capital pharmacies will need to invest in their business due to the 45-day refund timeline

**+90%**

The number of independent pharmacies who are saying they will not dispense IRA products. This will impact patient access

Source: NCPA

*Illustrative Example: excludes Pharmacy discounts and Distributor fees*



Manufacturers and PBMs are potentially competing over pharmacy invoice discounts through reimbursement pressure or MFP refund calculation

**Manufacturer**

**Payer**

**MFP Refund:**  
Alternative to WAC - MFP

**Reimbursement below Maximum  
Fair Price**

**Invoice discount:**

**\$10**

***MFR assumes that pharmacy  
receives discount from distributor***

**Example:**  
WAC: \$100  
SS%: -10% (WAC)  
MFP: \$60

***Payer assumes that MFRs will issue  
refunds on a WAC to MFP basis***

# Pharmacy Impact (Part D): Key Takeaways

Overall channel value from manufacturers may decline, leading to cost of goods and reimbursement impacts

## Revenue

- Overall revenue on MFP drugs likely declines
- Annual Part D OOP cap may improve patient adherence / utilization
- Higher launch prices for drugs; lower annual increases on existing products

## Margin

- Margin compression in Medicare due to shift in reimbursement method (AWP → MFP)
- Higher indirect costs to manage new MFP processes will pressure margins

## Cash Flow

### Retrospective Mechanics:

- Significant timing risk for MFP refund will decrease cash flow

### Prospective Mechanics:

- Cash flow improvement from purchasing at MFP vs WAC

## Operations

- Added burden of having to manage each MFRs chosen effectuation model
- Rising administrative costs due to increased formulary restrictions and utilization management

### Retrospective Mechanics:

- Additional receivable to collect & reconcile

### Prospective Mechanics:

- New wholesaler account for Medicare purchases

# Questions?



## David Senior

Senior Vice President of Market Economics  
Cencora

## Whitley Quan

Manager, U.S. Policy  
Cencora

## Tim Weber

Vice President, Pharmacy Enablement and  
Performance  
Cencora