



# ABSOLUTE SCOOP

## DID YOU KNOW?

The Inflation Reduction Act impacts include:

- Medicare beneficiaries will save on drug costs.
- Drug manufacturers will adopt cautious pricing and development strategies, with higher initial prices and stricter patent controls.
- Pharmacies will face complexities due to fluctuating costs and coverage, causing confusion for patients and insurers.

## INFLATION REDUCTION ACT (IRA)

*Written by Kevin Fearon, RPh, MBA, President of Absolute Pharmacy*

The Inflation Reduction Act (IRA) is a United States federal law that is broad in scope and aims to reduce the federal government deficit and lower prescription drug prices paid by Medicare. Effective January 2026 and for the next 5 years, using a phased approach (2026 to 2030), drug prices for approximately 80 of the most expensive drugs for Medicare will undergo price controls established by the Centers for Medicare and Medicaid Services (CMS).

Medicare IRA Drugs 2026			
Drug	Condition(s)	Medicare Spend /Year	Number of Patients
Eliquis	Blood clots	\$16 billion	4 million
Jardiance	Diabetes	\$7 billion	1.5 million
Xarelto	Blood clots	\$6 billion	1.5 million
Januvia	Diabetes	\$4 billion	1 million
Farxiga	Diabetes	\$3 billion	1 million
Entresto	Heart failure	\$3 billion	0.5 million
Enbrel	Rheumatoid arthritis, psoriasis	\$3 billion	48,000
Imbruvica	Blood cancer	\$3 billion	20,000
Stelara	Psoriasis, crohn's, ulcerative colitis	\$3 billion	20,000
Novolog	Diabetes	\$3 billion	1 million

Overall, this appears to be beneficial to nursing homes and other government drug consumers by lowering drug cost, especially while they are already undergoing the burdens of staffing issues, escalating costs, and poor reimbursement. For pharmacies, this means they will be paid at a lower rate with reduced profit margins, requiring them to adapt to a new pricing structure for Medicare patients. Drug manufacturers will be required to pay a rebate to the federal government and will be penalized for raising prices faster than inflation.

The facts are the economics associated with the rapidly growing senior population and overall cost of health care, with rising prescription drug cost has become a significant concern within the healthcare sector, impacting patients, healthcare providers, insurers, and the United States government. The current healthcare model is unsustainable and needs a corrective course.





Manufacturers are arguing this impacts research and development and violates their constitutional rights, and pharmacies already in turmoil fighting unfair Pharmacy Benefit Manager (PBM) practices, are asking for fair and reasonable reimbursement. Regardless of each stakeholder's position, this is new and very disruptive to the pharmacy industry. Without adequate reimbursement, catastrophic consequences may emerge.

**Much will need to be decided over 2025 but key takeaways are:**

- Medicare beneficiaries will see savings in drug costs.
- Manufacturers will be cautious in drug development and their positions within the senior market. Drugs will come to market at a higher price with stringent patent controls to avoid inflation penalties.
- There will be a likely shift in generic drug pricing and formularies may pivot to drugs not effected by CMS governance.
- Pharmacies can expect complexity when dealing with patients and insurers. Cost and price changes will lead to confusion as to what's covered and how much patients will pay out of pocket, which will vary on a regular basis.

Long Term Care (LTC) pharmacies, like Absolute, provide unique services to support our most frail population of seniors. We are open 24/7, have specialized unit dose packages, serialized and barcoded packages, clinical services, and infusion therapies that avert hospital readmissions. There are no front-end retail sales to offset poor reimbursement.

Absolute Pharmacy is supportive of affordable drug pricing but should not become subject to financial shortfalls because of drug manufacturer practices or unfair payments by PBMs and healthcare plans. We recommend CMS should develop a simpler, fairer model for pharmacies AND the patients they serve to ensure that their access to prescription drugs is uninterrupted.

## About the Author



*Outside of work, Kevin enjoys time with his wife, Vicki, his adult children, and grandchildren. He loves pranks and activities including boating, snow-skiing, pickleball, and hiking.*

Kevin Fearon is currently the President of Absolute Pharmacy. Kevin joined us in 2011 and contributed to Absolute Pharmacy's expansion of product offerings, technology solutions, and growth of servicing over 10,000 patients. Kevin has broad pharmacy experience beginning his career in hospital and transitioning to institutional practice in LTC for the last 38 years. He held national leadership positions in Best Practice for over 15 years where he interacted with Boards of Pharmacy and automation companies. Kevin is a graduate of The Ohio State University College of Pharmacy and Baldwin Wallace University, where he obtained an MBA. He is the past President of ASCP and Chairman of the Board.

**Who is Frosty's favorite aunt?**

Aunt Arctica.



**What bites but doesn't have teeth?**

Frost.