



NATIONAL ASSOCIATION OF
Community Health Centers®

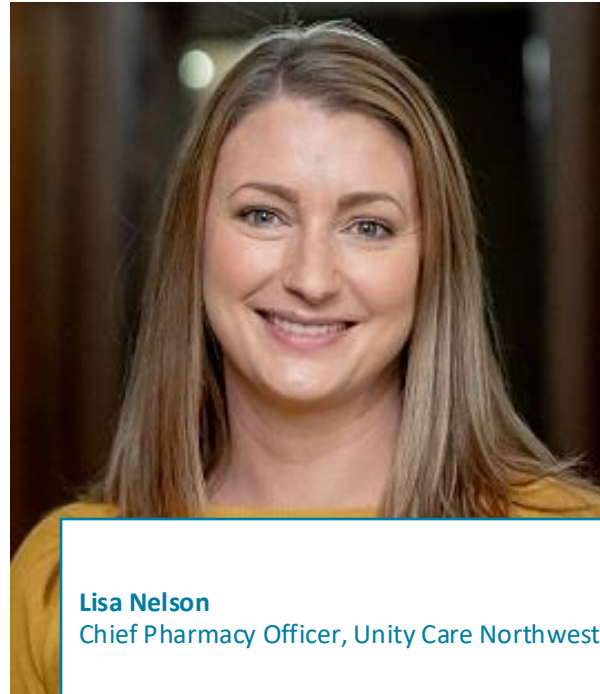
INFLATION REDUCTION ACT AND REVENUE IMPACT: Planning for 2026



SPEAKERS



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Chief Pharmacy Officer, Unity Care Northwest



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Learning Objectives

- 1) Summarize pharmaceutical manufacturer pricing strategies in response to IRA and subsequent impact on 340B ceiling price and reimbursement.
- 2) Identify subsets of their health center's 340B program savings which will be impacted by Maximum Fair Price (MFP) negotiated pricing.
- 3) Develop a model of their health center's estimated 340B savings in 2026.

PI.CNF.IO

- ▶ Navigate to <https://pi.cnf.io/> and tap the session titled "PSaA2 - Inflation Reduction Act and Revenue Impact: Planning for 2026"
- ▶ OR just point your phone's camera at the QR code to join directly



Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: How often do you attend NACHC 340B Office Hours?

Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: Who is in the room today?

Live Content Slide

When playing as a slideshow, this slide will display live content

Poll: Medicare drug price negotiation will have the following impact on health centers' 340B programs:

Inflation Reduction Act Medicare Price Negotiation

- Requires the federal government to negotiate prices for some drugs covered under Medicare Part D and Medicare Part B with the highest total spend, beginning in 2026
- Medicare negotiated price is called the Maximum Fair Price (MFP)
- Medicare Part D covers retail prescription drugs
- Medicare Part B
 - Physician administered drugs
 - Drugs used with an item of durable medical equipment
 - Some oral end-stage renal disease drugs
 - Transplant / immunosuppressive drugs

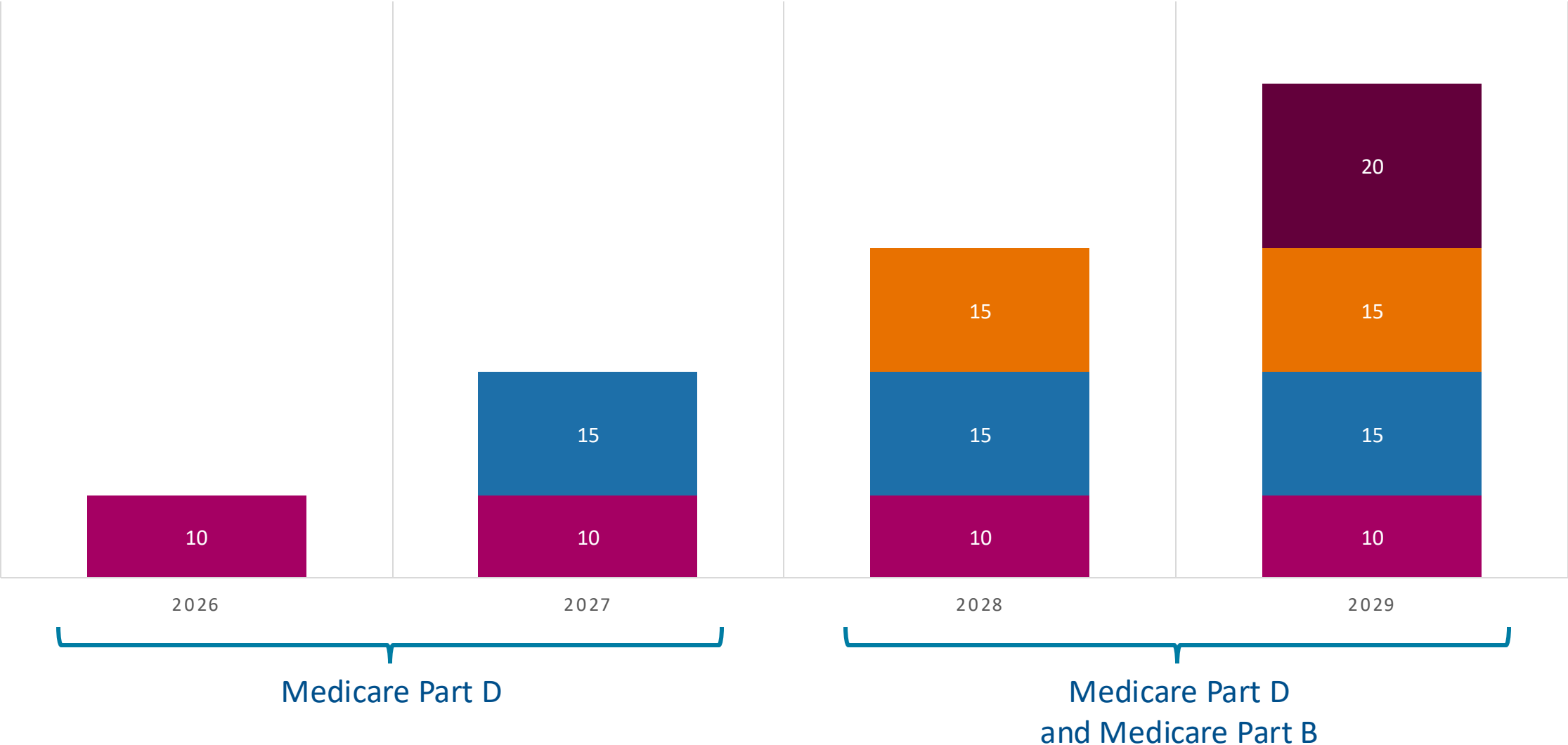
Maximum Fair Price Impact to Pharmacy Program

MFP will result in reduced reimbursement to pharmacy for negotiated drugs covered by Medicare Part D and Medicare Part B.

DECREASE IN PHARMACY REVENUE



Number of Drugs Selected for Negotiation



Maximum Fair Prices (MFPs) Announced

Drug Name	Drug Manufacturer	MFP for a 30-day Supply	List Price for 30-day Supply, CY 2023	MFP as a Discount from 2023 List Price
Januvia	Merck	\$ 113.00	\$ 527.00	79%
Novolog & Fiasp	Novo Nordisk	\$ 119.00	\$ 495.00	76%
Farxiga	AstraZeneca	\$ 178.50	\$ 556.00	68%
Enbrel	Amgen	\$ 2,355.00	\$ 7,106.00	67%
Jardiance	Boehringer Ingelheim	\$ 197.00	\$ 573.00	66%
Stelara	Johnson & Johnson	\$ 4,695.00	\$ 13,836.00	66%
Xarelto	Johnson & Johnson	\$ 197.00	\$ 517.00	62%
Eliquis	Bristol Myers Squibb (BMS)	\$ 231.00	\$ 521.00	56%
Entresto	Novartis	\$ 295.00	\$ 628.00	53%
Imbruvica	Pharmacyclics (Abbvie, J&J)	\$ 9,319.00	\$ 14,934.00	38%

Source: <https://www.cms.gov/files/document/fact-sheet-negotiated-prices-initial-price-applicability-year-2026.pdf>

Negotiated Prices (MFP) Timeline

Initial drugs selected for negotiation:

Aug 29, 2023
1st ten drugs selected & process begins

Aug 15, 2024
MFP prices were published

Jan 2026
MFP prices go into effect for 1st batch

MFP Timeline for Part D Drugs

Negotiated Prices (MFP) Timeline

Initial drugs selected for negotiation:

Aug 29, 2023
1st ten drugs selected & process begins

Aug 15, 2024
MFP prices were published

Jan 2026
MFP prices go into effect for 1st batch

MFP Timeline for Part D Drugs

Second cycle of negotiated drugs:

By Feb 1, 2025
2nd batch of 15 drugs selected

By Nov 30, 2025
MFP prices will be published

Jan 2027
MFP prices go into effect for 2nd batch

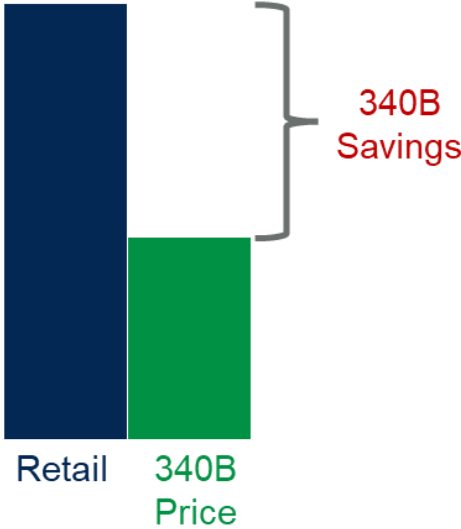
MFP or 340B?

- Health center may buy MFP drugs under 340B program or outside of 340B program
- Medicare Part D reimbursement based on MFP
- If 340B price is less than MFP, health center will have *some* savings

Patient copayments are based off MFP.
Patients benefit by lower out-of-pocket copayments.

MFP: Visualizing the impact

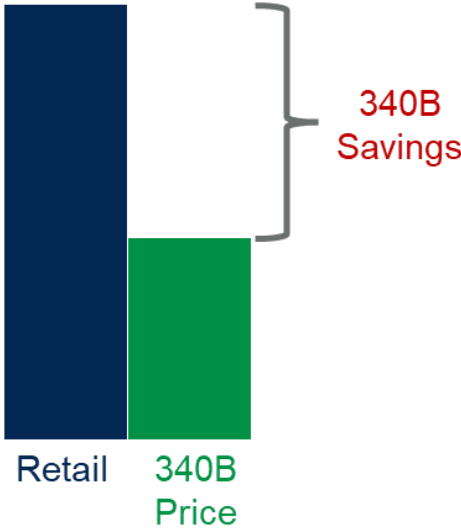
Pre-IRA, Current State



Medicare Claims

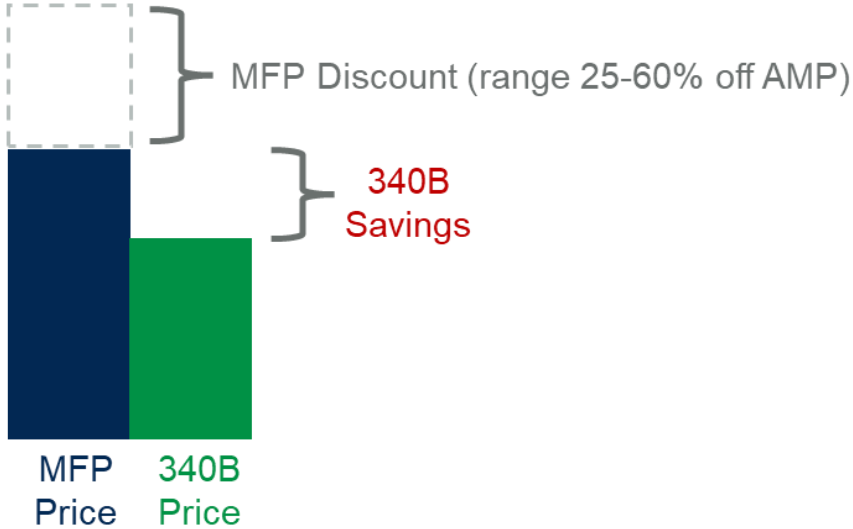
MFP: Visualizing the impact, cont.

Pre-IRA, Current State



Medicare Claims

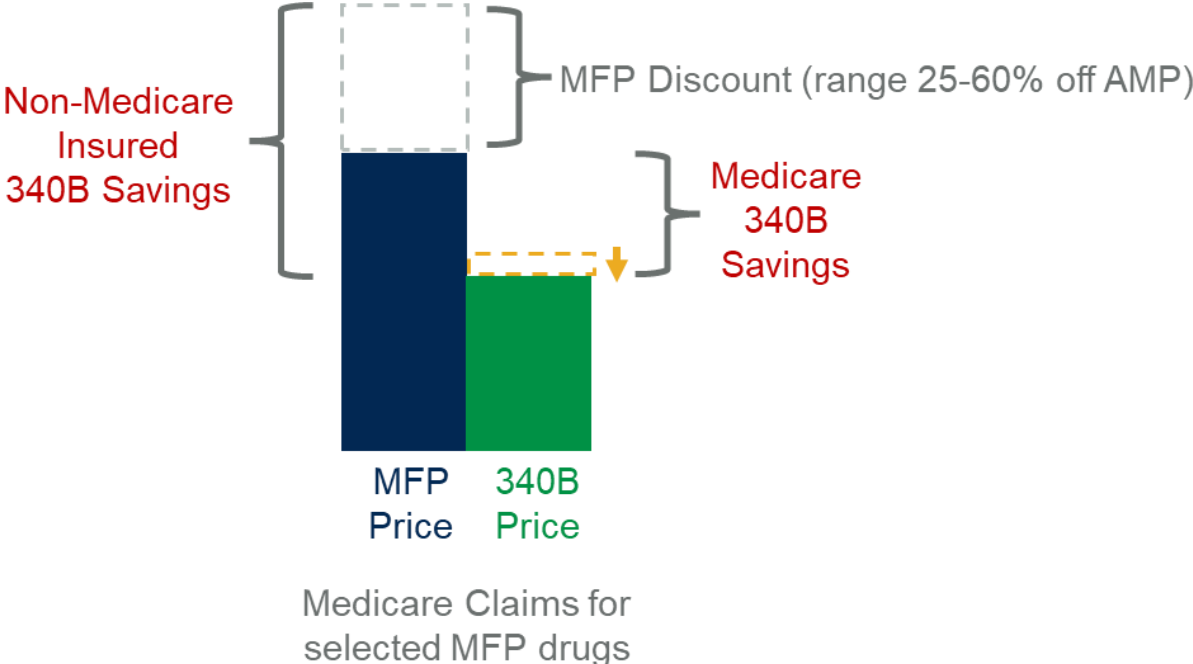
January 2026 and beyond



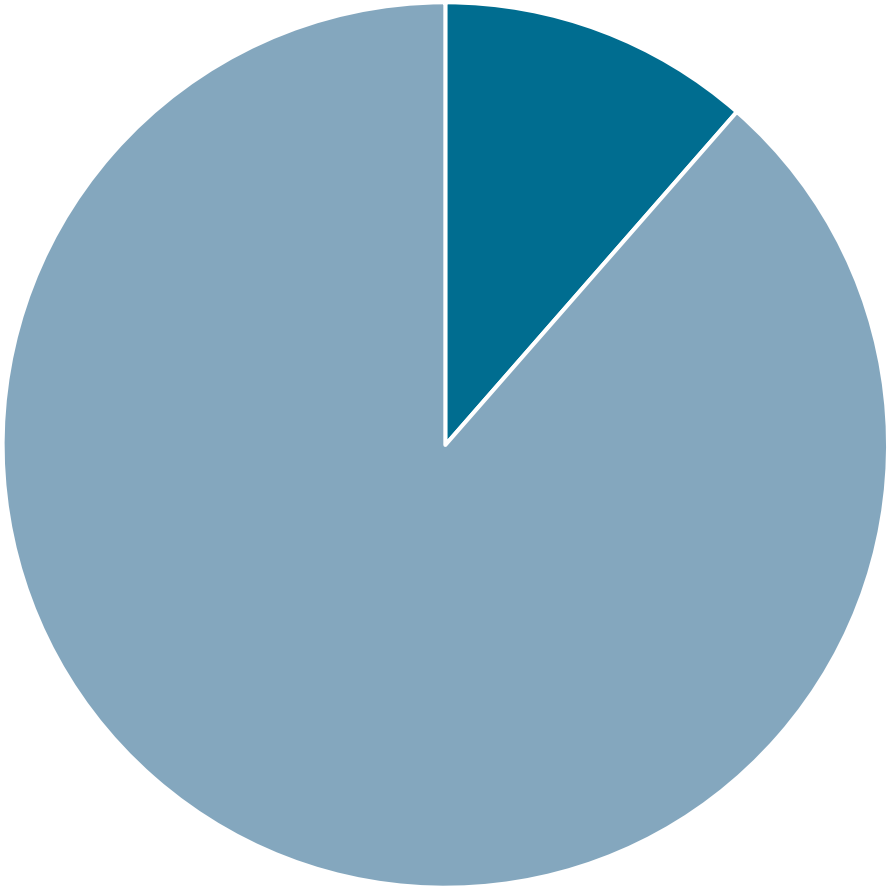
Medicare Claims for selected MFP drugs

MFP: Impact on 340B Ceiling Price

- There could be some drug scenarios where the MFP price impacts the Unit Rebate Amount (URA) calculation and leads to a slight decrease in the 340B ceiling price.



Impact – Anticipating Reduced Revenue



IRA: Maximum Fair Price (MFP) Planning



- How many of your insured scripts are paid by Medicare Part D plans?
- Can you isolate the portion of your savings deriving from the ten drugs selected in the first batch of negotiation?

CMS publishes the MFP data by NDC and Unit Price

Medicare Drug Price Negotiation



Because of the prescription drug law, known as the Inflation Reduction Act, Medicare is able to negotiate directly with drug companies to improve access to some of the costliest single-source brand-name Medicare Part B and Part D drugs.

[More Information about Initial Price Applicability Year 2026 Policy and Public Input Opportunities](#)

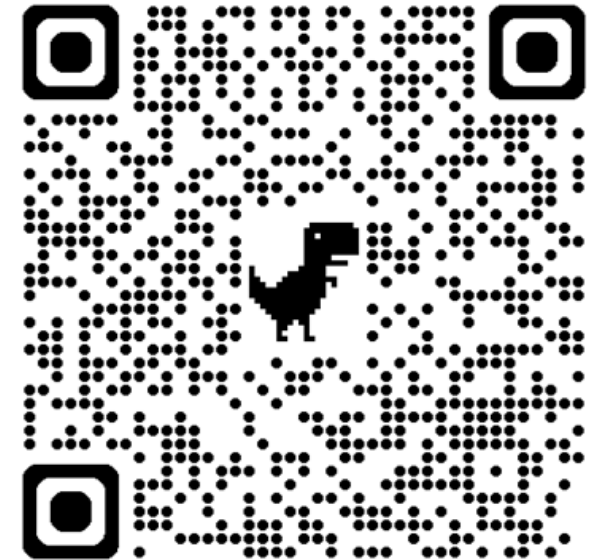
Selected Drugs for Negotiation

[Selected Drug List \(ZIP\)](#)

This list contains 10 drugs covered under Medicare Part D that were selected for the first cycle of negotiation based on Total Expenditures under Part D and other criteria as required by the law; the list will be updated over time. Potential updates to the list include the addition of drugs covered under Medicare Part D or Part B selected for negotiation in future years.

[File for Negotiated Prices, also known as Maximum Fair Prices in Statute \(ZIP\)](#)

This file contains information on the negotiated prices under the Medicare Drug Price Negotiation Program, which the statute refers to as Maximum Fair Prices (MFPs), for 10 drugs covered under Medicare Part D that will go into effect



<https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation>

Follow along with the tool...

Health Center 340B Tool Estimating the Impact of Maximum Fair Prices in 2026

Background:

One element of the Inflation Reduction Act of 2022 is that HHS negotiates prices with drug manufacturers for certain drugs covered under Medicare Part D and Part B. These newly negotiated prices are called the [Maximum Fair Price](#) (MFP). The negotiation process will proceed in batches. The MFP pricing for the first batch of selected drugs will be effective in January 2026. At that time, Community Health Centers can plan to receive lower reimbursement on that first batch of MFP drugs when the payer is Medicare Part D. Lower reimbursement from the plan results in a shrunken, or eliminated, 340B savings margin on those prescriptions.

Process Steps:

- a) Obtain data set(s) from a recent period (3 months, 6 months, etc.) for analysis.
(Note: You may have different data sources, such as entity-owned pharmacy claims and contract pharmacy claims. Your contract pharmacy claims might be grouped according to the TPA used for that pharmacy. You could work to combine these data sources, or you could simply apply the procedure to each data set separately. The latter might be more manageable).
 - a. Data set(s) should include the following:
 - i. Drug NDC-11
 - ii. Quantity dispensed
 - iii. Total paid amount (Plan reimbursement amount + copayment amount)
 - iv. 340B acquisition cost
 - v. Payer type (e.g., Medicare) or plan BIN/PCN/Group
 - b) Filter data set to isolate the Medicare Part D claims within the larger universe of claims.
(Tip: You can add a new column to your Excel file titled "Medicare Part D?" and add a Yes in that column for any relevant claims.)
 - c) Add a new column to your spreadsheet and title that column "MFP Unit Price"
 - d) Navigate to the CMS website and download the 2026 MFP unit prices in Excel format
 - a. <https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation>

Medicare Drug Price Negotiation

Because of the prescription drug law passed in the Inflation Reduction Act, Medicare is able to negotiate directly with drug companies to ensure access to some of the costliest single-source brand name Medicare Part B and Part D drugs.

[More Information about Inflation Reduction Act \(IRA\) Policy, Selected Drugs, and Public Health Opportunities](#)

[More Information about Inflation Reduction Act \(IRA\) Policy](#)

Negotiated Prices for Selected Drugs in the First Negotiation Cycle

[Download the 2026 MFP Unit Prices](#)

[File for Negotiated Prices and Access to Maximum Fair Prices in 2026](#)

STEP A

Obtain data set(s) for analysis.

Obtain data set(s) from a recent period (3 months, 6 months, etc.) for analysis.

(Note: You may have different data sources, such as entity-owned pharmacy claims and contract pharmacy claims. Your contract pharmacy claims might be grouped according to the TPA used for that pharmacy. You could work to combine these data sources, or you could simply apply the procedure to each data set separately. The latter might be more manageable).

Data set(s) should include the following:

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STEP B

Isolate the Medicare Part D claims

Filter data set to isolate the Medicare Part D claims within the larger universe of claims.

STEP C

Add a new column to your spreadsheet
Title that column “MFP Unit Price”

STEP D

Obtain the MFP unit prices

Navigate to the CMS website and download the 2026 MFP unit prices in Excel format

<https://www.cms.gov/inflation-reduction-act-and-medicare/medicare-drug-price-negotiation>

Medicare Drug Price Negotiation



Because of the prescription drug law, known as the Inflation Reduction Act, Medicare is able to negotiate directly with drug companies to improve access to some of the costliest single-source brand-name Medicare Part B and Part D drugs.

[More Information about Initial Price Applicability Year 2026 Policy, Selected Drugs, and Public Input Opportunities](#)

[More Information about Initial Price Applicability Year 2027 Policy](#)

Negotiated Prices for Selected Drugs in the First Negotiation Cycle

[Selected Drug List \(ZIP\)](#)

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Name	Type
CMS_Negotiation_Program_Negotiated_Maximum_Fair_Price_Data_File_20240815.csv	Microsoft Excel Comma S...
CMS_Negotiation_Program_Negotiated_Maximum_Fair_Price_Data_File_20240815.xlsx	Microsoft Excel Worksheet
Negotiated_MFP_File_Data_Web_File_Structure_and_Definitions.pdf	Adobe Acrobat Document

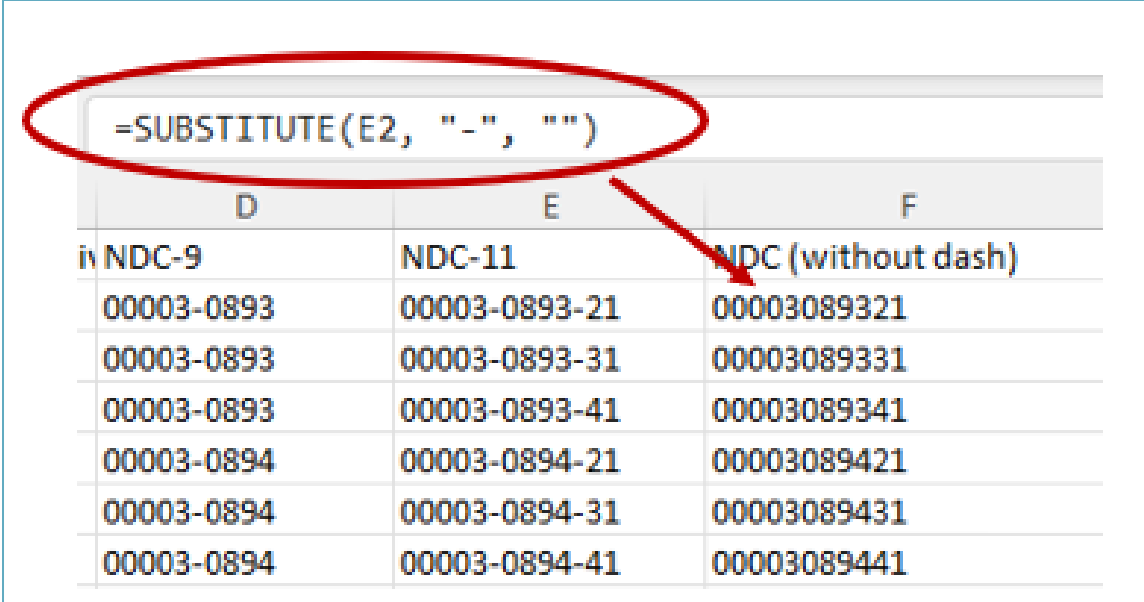
STEP E

Align NDC formatting

Confirm that the NDC format in the data set to be analyzed and CMS MFP data file have the same formatting.

If your dataset has NDCs without dashes, you can convert the CMS unit price NDC to a format without the dash by:

- Adding a new column to the right of NDC-11 column
- Enter the formula =SUBSTITUTE(E2, "-", "")



	D	E	F
i	NDC-9	NDC-11	NDC (without dash)
	00003-0893	00003-0893-21	00003089321
	00003-0893	00003-0893-31	00003089331
	00003-0893	00003-0893-41	00003089341
	00003-0894	00003-0894-21	00003089421
	00003-0894	00003-0894-31	00003089431
	00003-0894	00003-0894-41	00003089441

STEP F

VLOOKUP or XLOOKUP

Now that MFP unit prices are formatted, copy the values from the CMS MFP spreadsheet to your data set using VLOOKUP or XLOOKUP.

If you are unfamiliar with VLOOKUP or XLOOKUP, there are some great YouTube training videos and Excel has a built in tool to help you build your function step-by-step. For the purposes of this tutorial, we'll be using VLOOKUP.

STEP G

Prepare CMS unit price data for VLOOKUP

Prepare CMS MFP excel file for VLOOKUP by deleting columns A through E, leaving the NDC (without dashes) column as the new column A.

↓ New Column A

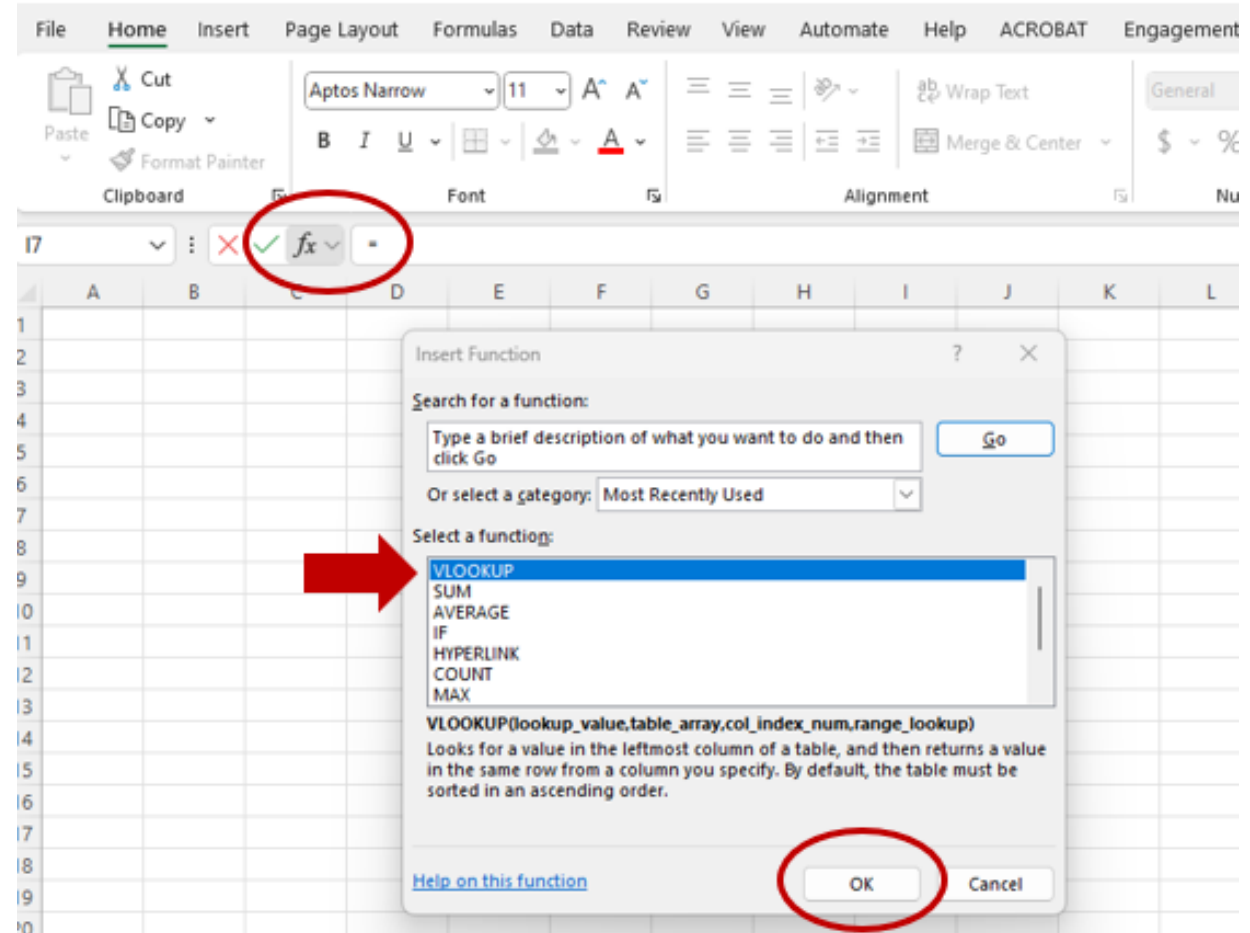
NDC (without dash)	XREF NDC-11	MFP Effective Date	MFP End Date	Single MFP per 30 DES	NDC-9 MFP per Unit Price
00003089321		1/1/2026		\$231.00	\$4.145072
00003089331		1/1/2026		\$231.00	\$4.145072
00003089341		1/1/2026		\$231.00	\$4.145072
00003089421		1/1/2026		\$231.00	\$4.145072

Note: For VLOOKUP to function correctly, the NDC (without dash) column must be column A in your table array.

STEP H

VLOOKUP, using Excel tool

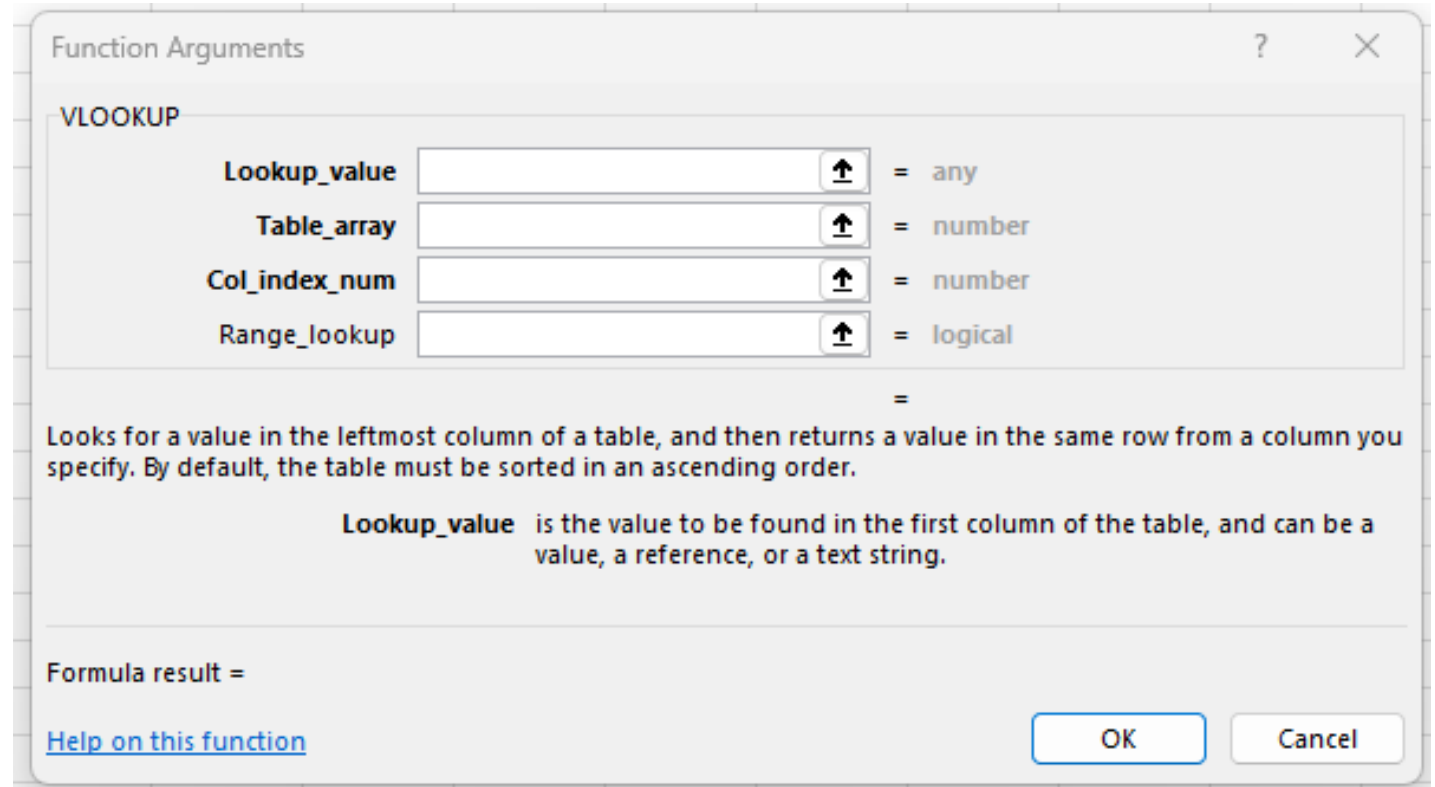
From “function” icon select
“VLOOKUP”:



STEP H, cont.

VLOOKUP, using Excel tool

This will bring up a “Function Arguments” box where we will select the fields listed below:



STEP H

VLOOKUP, using Excel tool

The image displays two screenshots of Microsoft Excel spreadsheets used for data analysis. The left spreadsheet, titled 'Sample Pharmacy Data for Practice IRA Impact Analysis.xlsx', contains a table with the following columns: Drug Name, Drug NDC-11, Quantity, Payer Type, 340B Acquisition Cost, Plan Reimbursement, Patient Copayment, Total Paid Amount, and MFP Unit Price. The data includes entries for JANUVIA 100 MG TABLET and ELIQUIS 2.5 MG TABLET. The right spreadsheet, titled 'CMS Negotial... .xlsx', contains a table with the following columns: NDC (without dashes), XREF NDC-11, MFP Effective Date, MFP End Date, Single MFP per 30 DES, and NDC-9 MFP per Unit Price. The data includes entries for various NDC numbers and their corresponding MFP values.

STEP H, cont.

VLOOKUP, using Excel tool

Note: You will notice that your VLOOKUP function includes many lines of “#N/A”

This is expected because your dataset includes NDCs beyond those on CMS MFP Excel file; values are only returned for matched NDCs.

	B	H	I
	Drug NDC-11	Total Paid Amount	MFP Unit Price
	00169-3204-15	\$523.27	8.956984
	00169-3204-15	\$523.27	8.956984
	00169-3204-15	\$523.27	8.956984
	00169-6339-10	\$128.76	8.956984
	00169-6339-10	\$97.55	8.956984
	00169-6339-10	\$92.55	8.956984
	58406-0032-04	\$7,662.79	583.766898
	58406-0032-04	\$7,662.79	583.766898
	58406-0032-04	\$7,662.79	583.766898
	59148-0045-80	\$1,979.73	#N/A
	59148-0045-80	\$1,979.73	#N/A
	59148-0045-80	\$1,979.73	#N/A
	59148-0045-80	\$1,870.40	#N/A
	59148-0045-80	\$1,870.40	#N/A

STEP H, cont.

VLOOKUP, using Excel tool

Note: You will notice that your VLOOKUP function includes many lines of “#N/A”

This is expected because your dataset includes NDCs beyond those on CMS MFP Excel file; values are only returned for matched NDCs.

	B	H	I
	Drug NDC-11	Total Paid Amount	MFP Unit Price
	00169-3204-15	\$523.27	8.956984
	00169-3204-15	\$523.27	8.956984
	00169-3204-15	\$523.27	8.956984
	00169-6339-10	\$128.76	8.956984
	00169-6339-10	\$97.55	8.956984
	00169-6339-10	\$92.55	8.956984
	58406-0032-04	\$7,662.79	583.766898
	58406-0032-04	\$7,662.79	583.766898
	58406-0032-04	\$7,662.79	583.766898
	59148-0045-80	\$1,979.73	#N/A
	59148-0045-80	\$1,979.73	#N/A
	59148-0045-80	\$1,979.73	#N/A
	59148-0045-80	\$1,870.40	#N/A
	59148-0045-80	\$1,870.40	#N/A

STEP 1

Multiply MFP unit price by quantity

Now that you have brought over the MFP Unit price into your covered entity dataset, you will need to add a new column and multiply the MFP per unit price by the quantity dispensed for each claim.

This amount represents what you would expect Medicare to pay once MFP pricing beginning January 1, 2026.

STEP 1

Multiply MFP unit price by quantity

	A	B	C	D	E	F	G	H	I	J
1	Drug Name	Drug NDC-11	Quantity	Payer Type	340B Acquisition Cost	Plan Reimbursement	Patient Copayment	Total Paid Amount	MFP Unit Price	MFP Expected Reimbursement
5	JANUVIA 100 MG TABLET	00006-0277-54	90.00	Medicare Part D	\$0.88	\$1,728.35	\$0.00	\$1,647.31	3.907885	
6	JANUVIA 100 MG TABLET	00006-0277-31	90.00	Medicare Part D	\$0.90	\$1,728.35	\$0.00	\$1,647.31	3.907885	
7	JANUVIA 100 MG TABLET	00006-0277-54	90.00	Medicare Part D	\$0.88	\$1,728.35	\$0.00	\$1,567.73	3.907885	
8	JANUVIA 100 MG TABLET	00006-0277-54	90.00	Medicare Part D	\$0.88	\$1,691.55	\$0.00	\$1,567.73	3.907885	
9	JANUVIA 100 MG TABLET	00006-0277-54	90.00	Medicare Part D	\$0.88	\$1,691.55	\$0.00	\$1,417.14	3.907885	
10	JANUVIA 100 MG TABLET	00006-0277-54	90.00	Medicare Part D	\$0.88	\$1,567.73	\$0.00	\$549.90	3.907885	
26	JANUVIA 100 MG TABLET	00006-0277-31	90.00	Medicare Part D	\$0.90	\$1,567.73	\$0.00	\$549.90	3.907885	
27	JANUVIA 100 MG TABLET	00006-0277-54	90.00	Medicare Part D	\$0.88	\$1,417.14	\$0.00	\$10.68	3.907885	
28	JANUVIA 25 MG TABLET	00006-0221-31	30.00	Medicare Part D	\$0.30	\$531.62	\$45.00	\$576.62	3.907885	
29	JANUVIA 25 MG TABLET	00006-0221-31	30.00	Medicare Part D	\$0.30	\$531.62	\$45.00	\$576.62	3.907885	
30	JANUVIA 25 MG TABLET	00006-0221-31	30.00	Medicare Part D	\$0.30	\$531.62	\$45.00	\$576.62	3.907885	
31	ELIQUIS 2.5 MG TABLET	00003-0893-21	180.00	Medicare Part D	\$55.59	\$1,781.67	\$11.20	\$1,535.55	4.145072	
32	ELIQUIS 2.5 MG TABLET	00003-0893-21	180.00	Medicare Part D	\$55.62	\$1,792.87	\$0.00	\$1,195.49	4.145072	
33	ELIQUIS 2.5 MG TABLET	00003-0893-21	180.00	Medicare Part D	\$55.62	\$1,666.42	\$8.00	\$581.62	4.145072	
34	ELIQUIS 2.5 MG TABLET	00003-0893-21	180.00	Medicare Part D	\$55.59	\$1,615.08	\$11.20	\$570.40	4.145072	
35	ELIQUIS 2.5 MG TABLET	00003-0893-21	180.00	Medicare Part D	\$55.62	\$1,472.93	\$62.62	\$518.37	4.145072	
36	ELIQUIS 2.5 MG TABLET	00003-0893-21	120.00	Medicare Part D	\$37.08	\$1,101.49	\$94.00	\$518.37	4.145072	
37	ELIQUIS 2.5 MG TABLET	00003-0893-21	60.00	Medicare Part D	\$18.54	\$573.62	\$8.00	\$518.36	4.145072	
38	ELIQUIS 2.5 MG TABLET	00003-0893-21	60.00	Medicare Part D	\$18.53	\$457.94	\$0.00	\$457.94	4.145072	
39	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$2,139.84	\$0.00	\$598.12	4.145072	
40	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
41	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
42	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
66	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
67	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
68	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
69	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.62	\$1,792.87	\$0.00	\$598.12	4.145072	
70	ELIQUIS 5 MG TABLET	00003-0894-21	180.00	Medicare Part D	\$25.59	\$1,792.87	\$0.00	\$598.12	4.145072	

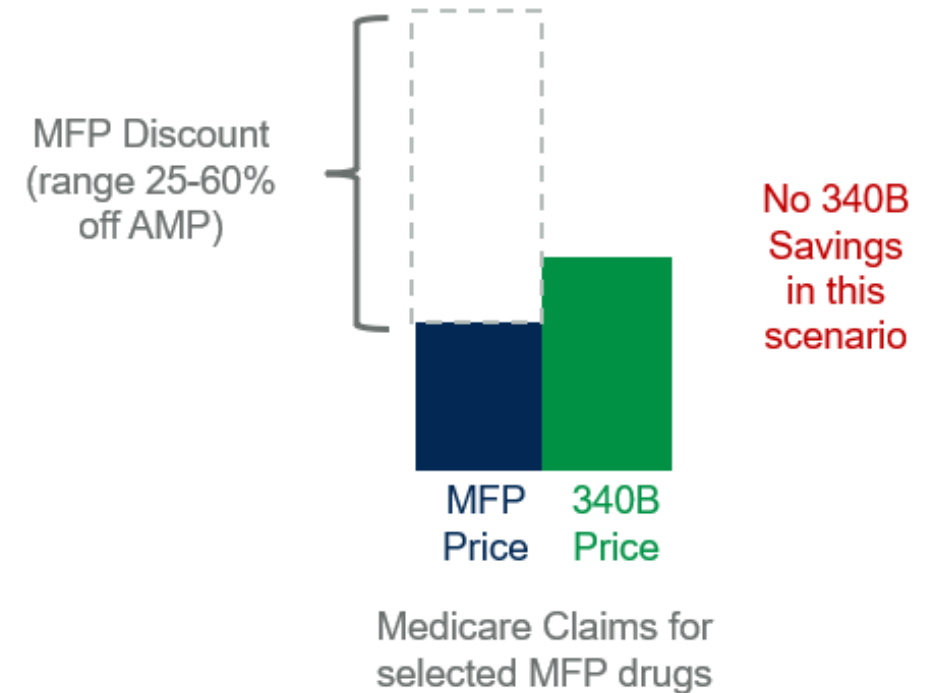
STEP J

Compare MFP cost to current 340B cost

Next, compare the MFP price per claim to the current 340B acquisition cost.

In cases where the MFP price is lower than the 340B price, you can expect to lose all savings on those claims. You can mark those claims as no longer profitable.

Depending on your model, you may decide to no longer use a 340B drug on those drugs for Medicare D payers effective January 1, 2026.



STEP K

Pivot

Select the entire worksheet and create a Pivot Table.

Use filters or rows to help you isolate just your Medicare Claims.

Drag fields between areas below:

Filters	Columns
New MFP price per unit	Σ Values
Payer Type	

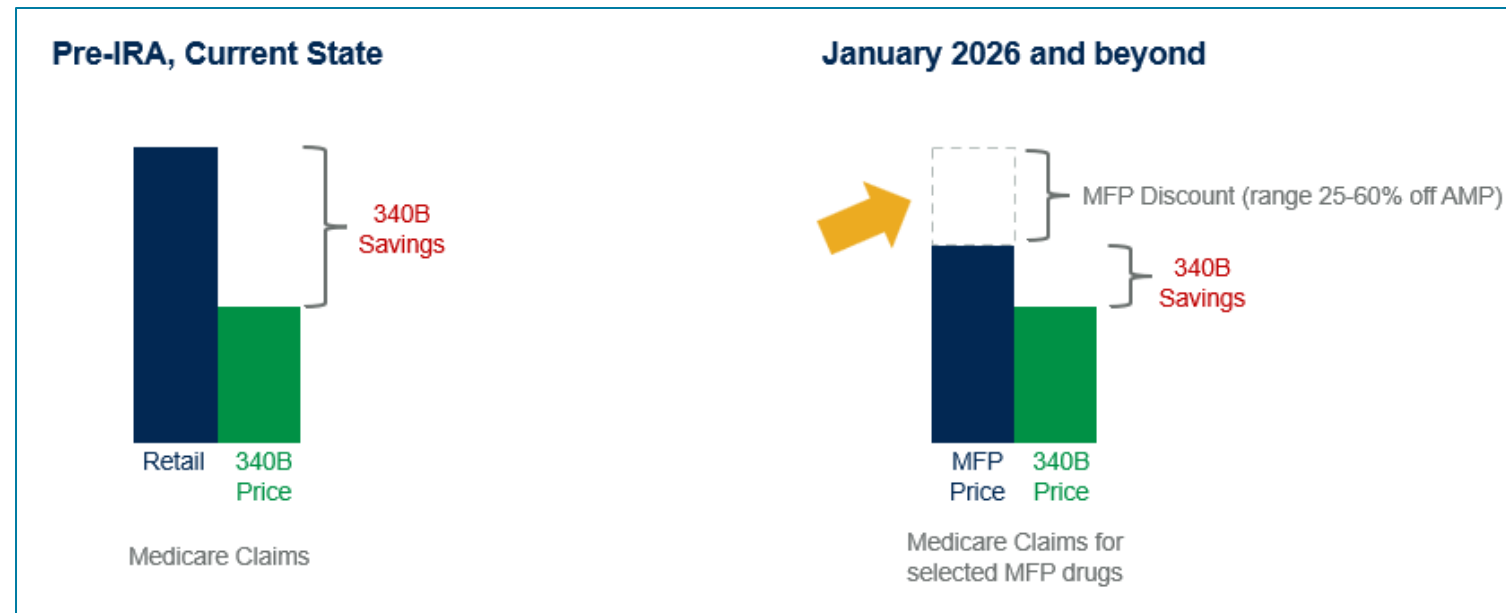
Rows	Σ Values
Drug Name	Sum of Insurance Plan Paid (historical)
	Sum of MFP reimbursement per qty dispensed
	Sum of Contract Pharmacy Fees (if applicable)
	Sum of Estimated 340B Cost

STEP L

Interpret your Pivot Table

You now have a Pivot Table that shows you your current Medicare Part D reimbursement and the expected MFP payment for that first batch of negotiated drugs.

Essentially, you have estimated the portion of your current 340B savings margin that will go away in 2026:



STEP M

Additional insights

To gain additional insights, you may consider how your **contract pharmacy dispense fees** may decrease as plan reimbursement decreases (variable and based on your unique agreements).

Polling Question

How confident do you feel in completing your own impact analysis after this presentation?

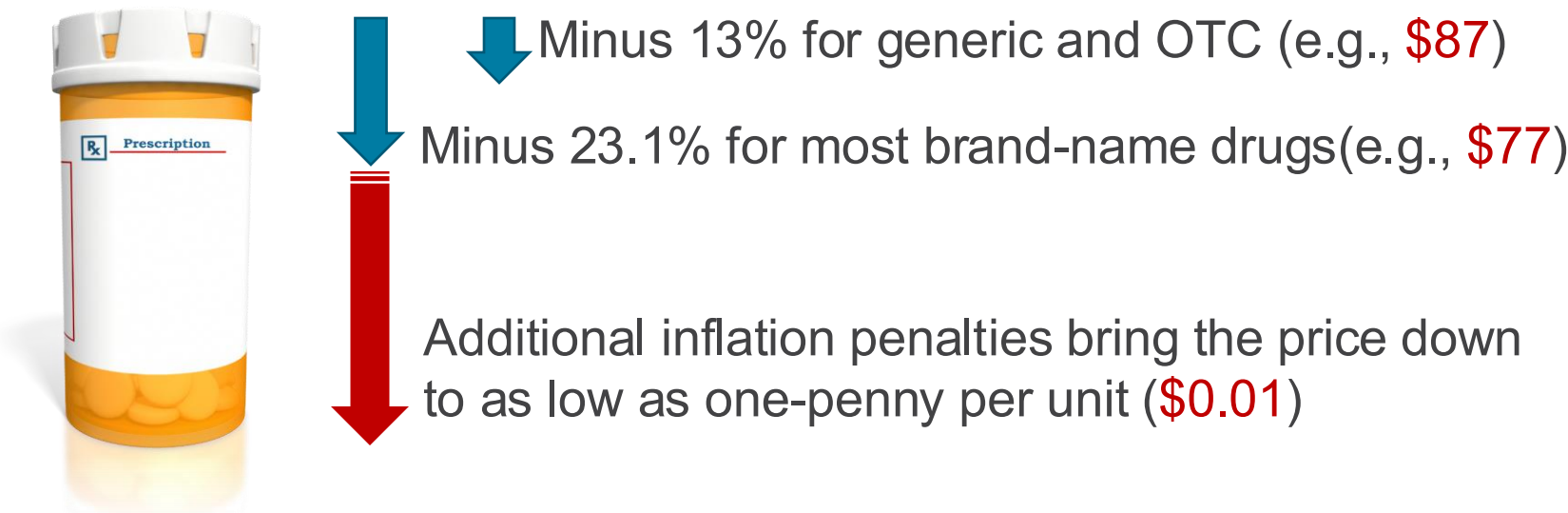
- a) Great presentation and I've already completed my impact analysis
- b) Highly confident
- c) Moderately confident
- d) Not at all confident
- e) I'm just here for the coffee and snacks

Erosion of Penny Pricing

While most of the chatter about the IRA concerns negotiated MFPs within Medicare, 340B providers should **think critically about expanded inflation penalties** and how that will impact your entire 340B program.

Reminder of the current inflation penalty impact, a simplified calculation of 340B drug cost:

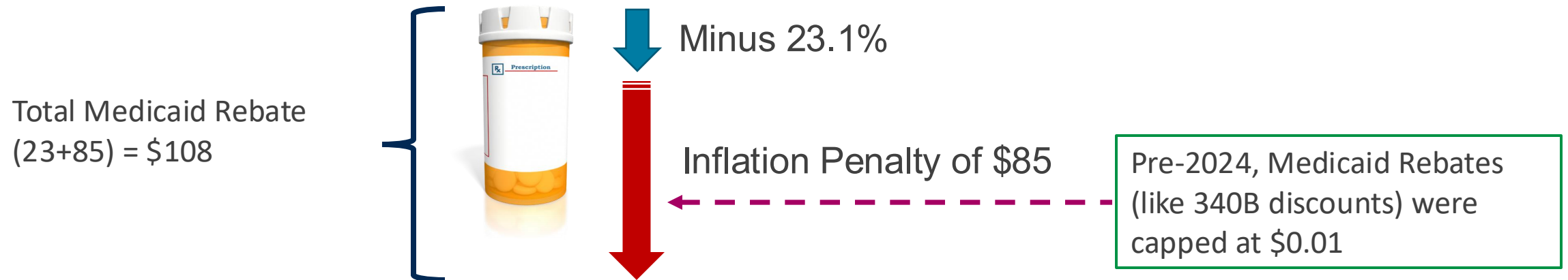
Average manufacturer price (AMP) = e.g., \$100



AMP Cap Removal

Beyond just IRA impacts on inflation penalties, there was a relevant policy change within the 2021 American Rescue Plan Act (ARPA) that lifted the AMP cap for drugs purchased by Medicaid.

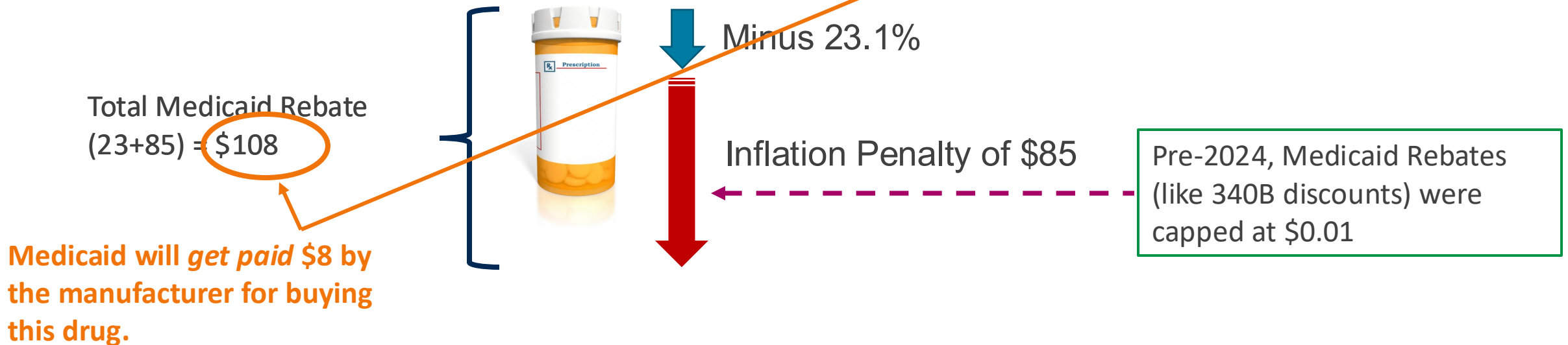
Revisiting our example of a branded drug with a **\$100 AMP**...



AMP Cap Removal

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Revisiting our example of a branded drug with a **\$100 AMP**...



Erosion of Penny Pricing

For years, manufacturers have weighed the Medicaid inflation penalties when increasing drug prices. In some cases, increasing the drug's price faster than inflation was still worth it.

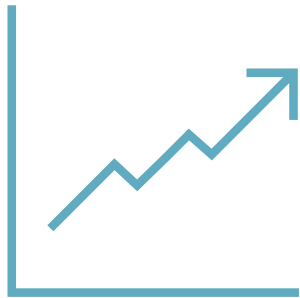
Under the IRA, the inflation penalty concept extends to Medicare.

Under ARPA, inflation penalties are worse for the manufacturer than just selling at one penny.

This likely changes the calculus for manufacturers. They are now far more motivated to avoid the inflation penalties that historically resulted in 340B penny-priced products.

How will manufacturers respond?

Slash list prices of products currently subject to significant inflation penalties (e.g., branded insulins)



Discontinue legacy branded products and sell a generic alternative with a lower list price (e.g., Flovent inhaler)

Introduce new products at **higher launch prices**

Moderate price increases over time, keeping increases closer in line with inflation, thus avoiding penalty

2024: Major changes in insulin list prices



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Home > > 2023-03-16-20-06-43-2629188

Press Release: Sanofi cuts U.S. list price of Lantus®, its most-prescribed insulin, by 78% and caps out-of-pocket Lantus costs at \$35 for all patients with commercial insurance

March 16, 2023

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Sanofi cuts U.S. list price of Lantus® costs at \$35 for all patients with c



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News Release

Lilly Cuts Insulin Prices by 70% and Caps Patient Insulin Out-of-Pocket Costs at \$35 Per Month

March 1, 2023

[f](#) [in](#) [t](#) [e](#)

INDIANAPOLIS, March 1, 2023 /PRNewswire/ – Eli Lilly and Company (NYSE: LLY) today announced price reductions of 70% for its most commonly prescribed insulins and an expansion of its Insulin Value Program that caps patient out-of-pocket costs at \$35 or less per month. Lilly is taking these actions to make it easier to access Lilly insulin and help Americans who may have difficulty navigating a complex healthcare system that may keep them from getting affordable insulin.

Today, Lilly is reducing the list price of insulins by:



NOVO NORDISK

Press release

7:30 AM
March 14 2023

Novo Nordisk to lower U.S. prices of several pre-filled insulin pens and vials up to 75% for people living with diabetes in January 2024

- Novo Nordisk has been working to identify a sustainable approach to reduce insulin costs for patients that addresses changes in health policy and market shifts
- Lower list prices build on long-standing history of affordability initiatives already in place which can be accessed at [NovoCare.com](https://www.novonordisk-us.com)

<https://www.novonordisk-us.com/media/news-archive/news-details.html?id=163964>

<https://www.sanofi.com/en/media-room/press-releases/2023/2023-03-16-20-06-43-2629188>

<https://investor.lilly.com/news-releases/news-release-details/lilly-cuts-insulin-prices-70-and-caps-patient-insulin-out-pocket>

Insulin list price cuts – is it altruism?

KFF The independent source for health policy research, polling, and news.

Home // Policy Watch // What Are the Implications of the Recent Elimination of the Medicaid Prescription Drug...

What Are the Implications of the Recent Elimination of the Medicaid Prescription Drug Rebate Cap?

Elizabeth Williams
Published: Jan 16, 2024

According to KFF, these insulin makers may not see reduced revenues from their list price cuts, given that they will be avoiding Medicaid rebates.

Eli Lilly avoids \$430 million and Novo Nordisk \$350 million in otherwise expected Medicaid rebates for 2024 (per KFF)

Bloomberg

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Industries Health

Insulin Price Cuts Could End Up Making Money for US Drugmakers

- Lilly, Novo could avoid paying hundreds of millions in rebates
- Insulin prices have outraged advocates, politicians for years

<https://www.kff.org/policy-watch/what-are-the-implications-of-the-recent-elimination-of-the-medicaid-prescription-drug-rebate-cap/>

<https://www.bloomberg.com/news/articles/2023-03-14/slashing-insulin-prices-could-make-money-for-lilly-novo-nordisk>

<https://www.latimes.com/business/story/2023-03-17/column-eli-lilly-announced-a-huge-cut-in-its-insulin-prices-heres-why-it-doesnt-deserve-your-praise>

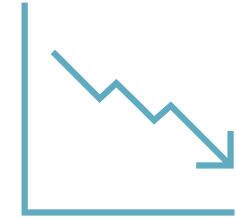
Los Angeles Times

BUSINESS

Column: Eli Lilly is slashing insulin prices, but hold your applause

Slashing list prices

Most popular insulin list prices **decreased dramatically** in early 2024. On insured claims, you saw plan reimbursement decrease notably.



Because the insulin prices were no longer increasing faster than inflation, as inflation penalties were assessed for future quarters, these popular insulin products saw their **340B acquisition cost increase**.



Expect a two-quarter lag between the list price decrease and the potential loss of 340B penny pricing.

2025: The cycle repeats

Merck and Boehringer Ingelheim (BI) announced plans to decrease the list price of a few popular products:

- **Merck:** Januvia, Janumet, and Janumet XR
- **Boehringer Ingelheim:** Atrovent HFA and Spiriva Handihaler

These price decreases became effective January 1, 2025, and will apply to all NDCs of those products

January to March of 2025	The impacted Merck and BI products sell at reduced list prices
April to June of 2025	Sales data from the prior quarter is used to calculate new 340B ceiling prices
July 1, 2025	The new 340B ceiling prices are effective. We expect the 340B price for the above-mentioned products to be considerably higher than the current penny pricing

Which drugs will lose penny pricing?

Moving forward, 340B providers would be wise to monitor the list prices of their most utilized penny-priced 340B drugs for any decreases.

Polling Question

What have you accomplished during P&I? (choose all that apply)

- a) Expanded professional network
- b) Advocated for Health Centers during Hill Day
- c) Attended a social event
- d) Enjoyed many educational sessions
- e) Visited DC museums or monuments

Actionable Next Steps

- ✓ Start planning for Maximum Fair Prices (MFPs) starting in 2026. Estimate the impact based on your current Medicare claims
- ✓ Plan for fewer penny-priced drugs moving forward (e.g., branded insulins, Janumet, Januvia, and more)

QUESTIONS?



THANK
YOU!



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