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Expanding Insulin Coverage for High Deductible Health Plans

In August 2022 President Biden signed the Inflation Reduction Act (“IRA”) into law. Effective for plan years beginning after December 31, 2022, the IRA allows a high deductible health plan (“HDHP”) to cover selected insulin products without a deductible. This means that an HDHP can apply a \$0 deductible for selected insulin products without jeopardizing participants’ ability to contribute to a health savings account. For this purpose, “selected insulin products” means any dosage form (such as vial, pump, or inhaler) of any different type of insulin, including rapid-acting, short-acting, intermediate-acting, long-acting, and premixed insulin types.

Employers can amend their HDHPs to provide coverage of selected insulin products without a deductible. A summary of material modifications should be distributed informing participants and beneficiaries of the amendment. For self-insured health plans, the third-party administrator and stop-loss carrier should also be informed of the amendment.

The IRA will also allow Centers for Medicare & Medicaid Services to negotiate prescription drug costs with drug manufacturers and apply caps on certain drugs covered under Medicare Part D and Part B, including some insulin products. Insulin products subject to the caps will cost Medicare recipients no more than \$35. This may result in employer-sponsored group health plans experiencing increased prescription costs as drug companies seek to offset losses from drugs subject to the Medicare price caps.

If you have questions about the expanded insulin product coverage options available under the IRA or need assistance in amending your HDHP to provide expanded insulin coverage, please reach out to a member of the Kutak Rock [Employee Benefits and Executive Compensation practice group](#).

