

tirely below or entirely above the annual out-of-pocket threshold specified in section 1395w-102(b)(4)(B)(i) of this title for the year, the manufacturer of the applicable drug shall provide the discounted price—

(I) in accordance with subparagraph (A)(i) on the portion of the negotiated price of the applicable drug that falls below such threshold; and

(II) in accordance with subparagraph (A)(ii) on the portion of such price of such drug that falls at or above such threshold.

(5) Manufacturer

The term “manufacturer” means any entity which is engaged in the production, preparation, propagation, compounding, conversion, or processing of prescription drug products, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis. Such term does not include a wholesale distributor of drugs or a retail pharmacy licensed under State law.

(6) Negotiated price

The term “negotiated price” has the meaning given such term for purposes of section 1395w-102(d)(1)(B) of this title, and, with respect to an applicable drug, such negotiated price shall include any dispensing fee and, if applicable, any vaccine administration fee for the applicable drug.

(7) Qualified retiree prescription drug plan

The term “qualified retiree prescription drug plan” has the meaning given such term in section 1395w-132(a)(2) of this title.

(Aug. 14, 1935, ch. 531, title XVIII, § 1860D-14C, as added Pub. L. 117-169, title I, § 11201(c)(1), Aug. 16, 2022, 136 Stat. 1880.)

Editorial Notes

REFERENCES IN TEXT

Section 52 of the Internal Revenue Code of 1986, referred to in subsec. (g)(4)(B)(ii)(II)(bb), (C)(ii)(II)(bb), is classified to section 52 of Title 26, Internal Revenue Code.

§ 1395w-114d. Selected drug subsidy program

With respect to covered part D drugs that would be applicable drugs (as defined in section 1395w-114c(g)(2) of this title) but for the application of subparagraph (B) of such section, the Secretary shall provide a process whereby, in the case of an applicable beneficiary (as defined in section 1395w-114c(g)(1) of this title) who, with respect to a year, is enrolled in a prescription drug plan or is enrolled in an MA-PD plan, has not incurred costs that are equal to or exceed the annual out-of-pocket threshold specified in section 1395w-102(b)(4)(B)(i) of this title, and is dispensed such a drug, the Secretary (periodically and on a timely basis) provides the PDP sponsor or the MA organization offering the plan, a subsidy with respect to such drug that is equal to 10 percent of the negotiated price (as defined in section 1395w-114c(g)(6) of this title) of such drug.

(Aug. 14, 1935, ch. 531, title XVIII, § 1860D-14D, as added Pub. L. 117-169, title I, § 11201(c)(1), Aug. 16, 2022, 136 Stat. 1888.)

§ 1395w-115. Subsidies for part D eligible individuals for qualified prescription drug coverage

(a) Subsidy payment

In order to reduce premium levels applicable to qualified prescription drug coverage for part D eligible individuals consistent with an overall subsidy level of 74.5 percent (or, for each of 2024 through 2029, the percent applicable as a result of the application of section 1395w-113(a)(8) of this title, or, for 2030 and each subsequent year, 100 percent minus the percent specified under section 1395w-113(a)(9) of this title) for basic prescription drug coverage, to reduce adverse selection among prescription drug plans and MA-PD plans, and to promote the participation of PDP sponsors under this part and MA organizations under part C, the Secretary shall provide for payment to a PDP sponsor that offers a prescription drug plan and an MA organization that offers an MA-PD plan of the following subsidies in accordance with this section:

(1) Direct subsidy

A direct subsidy for each part D eligible individual enrolled in a prescription drug plan or MA-PD plan for a month equal to—

(A) the amount of the plan’s standardized bid amount (as defined in section 1395w-113(a)(5) of this title), adjusted under subsection (c)(1), reduced by

(B) the base beneficiary premium (as computed under paragraph (2) or (8) of section 1395w-113(a) of this title (as applicable) and as adjusted under paragraph (1)(B) of such section).

(2) Subsidy through reinsurance

The reinsurance payment amount (as defined in subsection (b)).

This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Secretary to provide for the payment of amounts provided under this section.

(b) Reinsurance payment amount

(1) In general

The reinsurance payment amount under this subsection for a part D eligible individual enrolled in a prescription drug plan or MA-PD plan for a coverage year is an amount equal to—

(A) for a year preceding 2025, 80 percent of the allowable reinsurance costs (as specified in paragraph (2)) attributable to that portion of gross covered prescription drug costs as specified in paragraph (3) incurred in the coverage year after such individual has incurred costs that exceed the annual out-of-pocket threshold specified in section 1395w-102(b)(4)(B) of this title; and

(B) for 2025 and each subsequent year, the sum of—

(i) with respect to applicable drugs (as defined in section 1395w-114c(g)(2) of this title), an amount equal to 20 percent of such allowable reinsurance costs attrib-