

117TH CONGRESS
2D SESSION

S. 4011

To amend title XVIII of the Social Security Act to provide for a cap on beneficiary liability under part D of the Medicare program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 6, 2022

Mr. WARNOCK introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to provide for a cap on beneficiary liability under part D of the Medicare program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Capping Drug Costs
5 for Seniors Act of 2022”.

6 **SEC. 2. MEDICARE PART D BENEFIT REDESIGN.**

7 (a) BENEFIT STRUCTURE REDESIGN.—Section
8 1860D–2(b) of the Social Security Act (42 U.S.C. 1395w–
9 102(b)) is amended—

1 (1) in paragraph (2)—

2 (A) in subparagraph (A), in the matter
 3 preceding clause (i), by inserting “for a year
 4 preceding 2025 and for costs above the annual
 5 deductible specified in paragraph (1) and up to
 6 the annual out-of-pocket threshold specified in
 7 paragraph (4)(B) for 2025 and each subsequent
 8 year” after “paragraph (3)”;

9 (B) in subparagraph (C)—

10 (i) in clause (i), in the matter pre-
 11 ceding subclause (I), by inserting “for a
 12 year preceding 2025,” after “paragraph
 13 (4),”; and

14 (ii) in clause (ii)(III), by striking
 15 “2020 and each subsequent year” and in-
 16 serting “each of years 2020 through
 17 2024,”; and

18 (C) in subparagraph (D)—

19 (i) in clause (i)—

20 (I) in the matter preceding sub-
 21 clause (I), by inserting “for a year
 22 preceding 2025,” after “paragraph
 23 (4),”; and

24 (II) in subclause (I)(bb), by
 25 striking “a year after 2018” and in-

1 serting “each of years 2018 through
2 2024”; and

3 (ii) in clause (ii)(V), by striking
4 “2019 and each subsequent year” and in-
5 serting “each of years 2019 through
6 2024”;

7 (2) in paragraph (3)(A)—

8 (A) in the matter preceding clause (i), by
9 inserting “for a year preceding 2025,” after
10 “and (4),”; and

11 (B) in clause (ii), by striking “for a subse-
12 quent year” and inserting “for each of years
13 2007 through 2024”; and

14 (3) in paragraph (4)—

15 (A) in subparagraph (A)—

16 (i) in clause (i)—

17 (I) by redesignating subclauses
18 (I) and (II) as items (aa) and (bb),
19 respectively, and moving the margin
20 of each such redesignated item 2 ems
21 to the right;

22 (II) in the matter preceding item
23 (aa), as redesignated by subclause (I),
24 by striking “is equal to the greater
25 of—” and inserting “is equal to—

1 “(I) for a year preceding 2025,
2 the greater of—”;

3 (III) by striking the period at the
4 end of item (bb), as redesignated by
5 subclause (I), and inserting “; and”;
6 and

7 (IV) by adding at the end the fol-
8 lowing:

9 “(II) for 2025 and each suc-
10 ceeding year, \$0.”; and

11 (ii) in clause (ii)—

12 (I) by striking “clause (i)(I)” and
13 inserting “clause (i)(I)(aa)”; and

14 (II) by adding at the end the fol-
15 lowing new sentence: “The Secretary
16 shall continue to calculate the dollar
17 amounts specified in clause (i)(I)(aa),
18 including with the adjustment under
19 this clause, after 2024 for purposes of
20 section 1860D–14(a)(1)(D)(iii).”;

21 (B) in subparagraph (B)—

22 (i) in clause (i)—

23 (I) in subclause (V), by striking
24 “or” at the end;

25 (II) in subclause (VI)—

1 (aa) by striking “for a sub-
2 sequent year” and inserting “for
3 each of years 2021 through
4 2024”; and

5 (bb) by striking the period
6 at the end and inserting a semi-
7 colon; and

8 (III) by adding at the end the
9 following new subclauses:

10 “(VII) for 2025, is equal to
11 \$2,000; or

12 “(VIII) for a subsequent year, is
13 equal to the amount specified in this
14 subparagraph for the previous year,
15 increased by the annual percentage in-
16 crease described in paragraph (6) for
17 the year involved.”; and

18 (ii) in clause (ii), by striking “clause
19 (i)(II)” and inserting “clause (i)”;

20 (C) in subparagraph (C)(i), by striking
21 “and for amounts” and inserting “and, for a
22 year preceding 2025, for amounts”; and

23 (D) in subparagraph (E), by striking “In
24 applying” and inserting “For each of years
25 2011 through 2024, in applying”.

1 (b) REINSURANCE PAYMENT AMOUNT.—Section
 2 1860D–15(b)(1) of the Social Security Act (42 U.S.C.
 3 1395w–115(b)(1)) is amended—

4 (1) by striking “equal to 80 percent” and in-
 5 serting “equal to—

6 “(A) for a year preceding 2025, 80 per-
 7 cent”;

8 (2) in subparagraph (A), as added by subpara-
 9 graph (A), by striking the period at the end and in-
 10 serting “; and”; and

11 (3) by adding at the end the following new sub-
 12 paragraph:

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

15 “(i) with respect to applicable drugs
 16 (as defined in section 1860D–14B(g)(2)),
 17 an amount equal to 20 percent of such al-
 18 lowable reinsurance costs attributable to
 19 that portion of gross covered prescription
 20 drug costs as specified in paragraph (3) in-
 21 curred in the coverage year after such indi-
 22 vidual has incurred costs that exceed the
 23 annual out-of-pocket threshold specified in
 24 section 1860D–2(b)(4)(B); and

1 “(ii) with respect to covered part D
 2 drugs that are not applicable drugs (as so
 3 defined), an amount equal to 40 percent of
 4 such allowable reinsurance costs attrib-
 5 utable to that portion of gross covered pre-
 6 scription drug costs as specified in para-
 7 graph (3) incurred in the coverage year
 8 after such individual has incurred costs
 9 that exceed the annual out-of-pocket
 10 threshold specified in section 1860D-
 11 2(b)(4)(B).”.

12 (c) MANUFACTURER DISCOUNT PROGRAM.—

13 (1) IN GENERAL.—Part D of title XVIII of the
 14 Social Security Act (42 U.S.C. 1395w-101 et seq.)
 15 is amended by inserting after section 1860D-14A
 16 the following new section:

17 **“SEC. 1860D-14B. MANUFACTURER DISCOUNT PROGRAM.**

18 “(a) ESTABLISHMENT.—The Secretary shall estab-
 19 lish a manufacturer discount program (in this section re-
 20 ferred to as the ‘program’). Under the program, the Sec-
 21 retary shall enter into agreements described in subsection
 22 (b) with manufacturers and provide for the performance
 23 of the duties described in subsection (c).

24 “(b) TERMS OF AGREEMENT.—

25 “(1) IN GENERAL.—

“(A) AGREEMENT.—An agreement under this section shall require the manufacturer to provide, in accordance with this section, access to discounted prices for applicable drugs of the manufacturer that are dispensed to applicable beneficiaries on or after January 1, 2025.

“(B) CLARIFICATION.—Nothing in this section shall be construed as affecting—

“(i) the application of a coinsurance of 25 percent of the negotiated price, as applied under paragraph (2)(A) of section 1860D–2(b), for costs described in such paragraph; or

“(ii) the application of the copayment amount described in paragraph (4)(A) of such section, with respect to costs described in such paragraph.

“(C) TIMING OF AGREEMENT.—

“(i) SPECIAL RULE FOR 2025.—In order for an agreement with a manufacturer to be in effect under this section with respect to the period beginning on January 1, 2025, and ending on December 31, 2025, the manufacturer shall enter into

1 such agreement not later than March 1,
2 2024.

3 “(ii) 2026 AND SUBSEQUENT
4 YEARS.—In order for an agreement with a
5 manufacturer to be in effect under this
6 section with respect to plan year 2026 or
7 a subsequent plan year, the manufacturer
8 shall enter into such agreement (or such
9 agreement shall be renewed under para-
10 graph (4)(A)) not later than a calendar
11 quarter or semi-annual deadline estab-
12 lished by the Secretary.

13 “(2) PROVISION OF APPROPRIATE DATA.—Each
14 manufacturer with an agreement in effect under this
15 section shall collect and have available appropriate
16 data, as determined by the Secretary, to ensure that
17 it can demonstrate to the Secretary compliance with
18 the requirements under the program.

19 “(3) COMPLIANCE WITH REQUIREMENTS FOR
20 ADMINISTRATION OF PROGRAM.—Each manufac-
21 turer with an agreement in effect under this section
22 shall comply with requirements imposed by the Sec-
23 retary for purposes of administering the program,
24 including any determination under subparagraph (A)

1 of subsection (c)(1) or procedures established under
2 such subsection (c)(1).

3 “(4) LENGTH OF AGREEMENT.—

4 “(A) IN GENERAL.—An agreement under
5 this section shall be effective for an initial pe-
6 riod of not less than 12 months and shall be
7 automatically renewed for a period of not less
8 than 1 year unless terminated under subpara-
9 graph (B).

10 “(B) TERMINATION.—

11 “(i) BY THE SECRETARY.—The Sec-
12 retary may provide for termination of an
13 agreement under this section for a knowing
14 and willful violation of the requirements of
15 the agreement or other good cause shown.
16 Such termination shall not be effective ear-
17 lier than 30 days after the date of notice
18 to the manufacturer of such termination.
19 The Secretary shall provide, upon request,
20 a manufacturer with a hearing concerning
21 such a termination, and such hearing shall
22 take place prior to the effective date of the
23 termination with sufficient time for such
24 effective date to be repealed if the Sec-
25 retary determines appropriate.

1 “(ii) BY A MANUFACTURER.—A man-
2 ufacturer may terminate an agreement
3 under this section for any reason. Any
4 such termination shall be effective, with re-
5 spect to a plan year—

6 “(I) if the termination occurs be-
7 fore January 31 of a plan year, as of
8 the day after the end of the plan year;
9 and

10 “(II) if the termination occurs on
11 or after January 31 of a plan year, as
12 of the day after the end of the suc-
13 ceeding plan year.

14 “(iii) EFFECTIVENESS OF TERMI-
15 NATION.—Any termination under this sub-
16 paragraph shall not affect discounts for
17 applicable drugs of the manufacturer that
18 are due under the agreement before the ef-
19 fective date of its termination.

20 “(c) DUTIES DESCRIBED.—The duties described in
21 this subsection are the following:

22 “(1) ADMINISTRATION OF PROGRAM.—Admin-
23 istering the program, including—

1 “(A) the determination of the amount of
2 the discounted price of an applicable drug of a
3 manufacturer;

4 “(B) the establishment of procedures to
5 ensure that, not later than the applicable num-
6 ber of calendar days after the dispensing of an
7 applicable drug by a pharmacy or mail order
8 service, the pharmacy or mail order service is
9 reimbursed for an amount equal to the dif-
10 ference between—

11 “(i) the negotiated price of the appli-
12 cable drug; and

13 “(ii) the discounted price of the appli-
14 cable drug;

15 “(C) the establishment of procedures to
16 ensure that the discounted price for an applica-
17 ble drug under this section is applied before any
18 coverage or financial assistance under other
19 health benefit plans or programs that provide
20 coverage or financial assistance for the pur-
21 chase or provision of prescription drug coverage
22 on behalf of applicable beneficiaries as the Sec-
23 retary may specify; and

24 “(D) providing a reasonable dispute resolu-
25 tion mechanism to resolve disagreements be-

1 between manufacturers and applicable bene-
2 ficiaries.

3 “(2) MONITORING COMPLIANCE.—The Sec-
4 retary shall monitor compliance by a manufacturer
5 with the terms of an agreement under this section.

6 “(3) COLLECTION OF DATA FROM PRESCRIP-
7 TION DRUG PLANS AND MA–PD PLANS.—The Sec-
8 retary may collect appropriate data from prescrip-
9 tion drug plans and MA–PD plans in a timeframe
10 that allows for discounted prices to be provided for
11 applicable drugs under this section.

12 “(d) ADMINISTRATION.—

13 “(1) IN GENERAL.—Subject to paragraph (2),
14 the Secretary shall provide for the implementation of
15 this section, including the performance of the duties
16 described in subsection (c).

17 “(2) LIMITATION.—In providing for the imple-
18 mentation of this section, the Secretary shall not re-
19 ceive or distribute any funds of a manufacturer
20 under the program.

21 “(3) IMPLEMENTATION.—The Secretary may
22 implement the program under this section by pro-
23 gram instruction or otherwise.

1 “(4) ADMINISTRATION.—Chapter 35 of title 44,
2 United States Code, shall not apply to the program
3 under this section.

4 “(e) ENFORCEMENT.—

5 “(1) AUDITS.—Each manufacturer with an
6 agreement in effect under this section shall be sub-
7 ject to periodic audit by the Secretary.

8 “(2) CIVIL MONEY PENALTY.—

9 “(A) IN GENERAL.—The Secretary may
10 impose a civil money penalty on a manufacturer
11 that fails to provide discounts for applicable
12 drugs of the manufacturer dispensed to applica-
13 ble beneficiaries in accordance with such agree-
14 ment for each such failure in an amount the
15 Secretary determines is equal to the sum of—

16 “(i) the amount that the manufac-
17 turer would have paid with respect to such
18 discounts under the agreement, which will
19 then be used to pay the discounts which
20 the manufacturer had failed to provide;
21 and

22 “(ii) 25 percent of such amount.

23 “(B) APPLICATION.—The provisions of
24 section 1128A (other than subsections (a) and
25 (b)) shall apply to a civil money penalty under

1 this paragraph in the same manner as such
 2 provisions apply to a penalty or proceeding
 3 under section 1128A(a).

4 “(f) CLARIFICATION REGARDING AVAILABILITY OF
 5 OTHER COVERED PART D DRUGS.—Nothing in this sec-
 6 tion shall prevent an applicable beneficiary from pur-
 7 chasing a covered part D drug that is not an applicable
 8 drug (including a generic drug or a drug that is not on
 9 the formulary of the prescription drug plan or MA–PD
 10 plan that the applicable beneficiary is enrolled in).

11 “(g) DEFINITIONS.—In this section:

12 “(1) APPLICABLE BENEFICIARY.—The term
 13 ‘applicable beneficiary’ means an individual who, on
 14 the date of dispensing a covered part D drug—

15 “(A) is enrolled in a prescription drug plan
 16 or an MA–PD plan;

17 “(B) is not enrolled in a qualified retiree
 18 prescription drug plan; and

19 “(C) has incurred costs, as determined in
 20 accordance with section 1860D–2(b)(4)(C), for
 21 covered part D drugs in the year that exceed
 22 the annual deductible for such year, as specified
 23 in section 1860D–2(b)(1).

1 “(2) APPLICABLE DRUG.—The term ‘applicable
2 drug’, with respect to an applicable beneficiary,
3 means a covered part D drug—

4 “(A) approved under a new drug applica-
5 tion under section 505(c) of the Federal Food,
6 Drug, and Cosmetic Act or, in the case of a bio-
7 logic product, licensed under section 351 of the
8 Public Health Service Act; and

9 “(B)(i) if the PDP sponsor of the prescrip-
10 tion drug plan or the MA organization offering
11 the MA–PD plan uses a formulary, which is on
12 the formulary of the prescription drug plan or
13 MA–PD plan that the applicable beneficiary is
14 enrolled in;

15 “(ii) if the PDP sponsor of the prescrip-
16 tion drug plan or the MA organization offering
17 the MA–PD plan does not use a formulary, for
18 which benefits are available under the prescrip-
19 tion drug plan or MA–PD plan that the appli-
20 cable beneficiary is enrolled in; or

21 “(iii) is provided through an exception or
22 appeal.

23 “(3) APPLICABLE NUMBER OF CALENDAR
24 DAYS.—The term ‘applicable number of calendar
25 days’ means—

1 “(A) with respect to claims for reimburse-
 2 ment submitted electronically, 14 days; and

3 “(B) with respect to claims for reimburse-
 4 ment submitted otherwise, 30 days.

5 “(4) DISCOUNTED PRICE.—

6 “(A) IN GENERAL.—The term ‘discounted
 7 price’ means, with respect to an applicable drug
 8 of a manufacturer dispensed during a year to
 9 an applicable beneficiary—

10 “(i) who has not incurred costs, as de-
 11 termined in accordance with section
 12 1860D–2(b)(4)(C), for covered part D
 13 drugs in the year that are equal to or ex-
 14 ceed the annual out-of-pocket threshold
 15 specified in section 1860D–2(b)(4)(B)(i)
 16 for the year, 90 percent of the negotiated
 17 price of such drug; and

18 “(ii) who has incurred such costs, as
 19 so determined, in the year that are equal
 20 to or exceed such threshold for the year,
 21 80 percent of the negotiated price of such
 22 drug.

23 “(B) CLARIFICATION.—Nothing in this
 24 section shall be construed as affecting the re-

sponsibility of an applicable beneficiary for payment of a dispensing fee for an applicable drug.

“(C) SPECIAL CASE FOR CERTAIN CLAIMS.—

“(i) CLAIMS SPANNING DEDUCTIBLE.—In the case where the entire amount of the negotiated price of an individual claim for an applicable drug with respect to an applicable beneficiary does not fall above the annual deductible specified in section 1860D–2(b)(1) for the year, the manufacturer of the applicable drug shall provide the discounted price under this section on only the portion of the negotiated price of the applicable drug that falls above such annual deductible.

“(ii) CLAIMS SPANNING OUT-OF-POCKET THRESHOLD.—In the case where the entire amount of the negotiated price of an individual claim for an applicable drug with respect to an applicable beneficiary does not fall entirely below or entirely above the annual out-of-pocket threshold specified in section 1860D–2(b)(4)(B)(i) for the year, the manufacturer of the ap-

1 applicable drug shall provide the discounted
2 price—

3 “(I) in accordance with subpara-
4 graph (A)(i) on the portion of the ne-
5 gotiated price of the applicable drug
6 that falls below such threshold; and

7 “(II) in accordance with subpara-
8 graph (A)(ii) on the portion of such
9 price of such drug that falls at or
10 above such threshold.

11 “(5) MANUFACTURER.—The term ‘manufac-
12 turer’ means any entity which is engaged in the pro-
13 duction, preparation, propagation, compounding,
14 conversion, or processing of prescription drug prod-
15 ucts, either directly or indirectly by extraction from
16 substances of natural origin, or independently by
17 means of chemical synthesis, or by a combination of
18 extraction and chemical synthesis. Such term does
19 not include a wholesale distributor of drugs or a re-
20 tail pharmacy licensed under State law.

21 “(6) NEGOTIATED PRICE.—The term ‘nego-
22 tiated price’ has the meaning given such term for
23 purposes of section 1860D–2(d)(1)(B), except that
24 such negotiated price shall not include any dis-
25 pensing fee for the applicable drug.

1 “(7) QUALIFIED RETIREE PRESCRIPTION DRUG
2 PLAN.—The term ‘qualified retiree prescription drug
3 plan’ has the meaning given such term in section
4 1860D–22(a)(2).”.

5 (2) SUNSET OF MEDICARE COVERAGE GAP DIS-
6 COUNT PROGRAM.—Section 1860D–14A of the So-
7 cial Security Act (42 U.S.C. 1395–114a) is amend-
8 ed—

9 (A) in subsection (a), in the first sentence,
10 by striking “The Secretary” and inserting
11 “Subject to subsection (h), the Secretary”; and

12 (B) by adding at the end the following new
13 subsection:

14 “(h) SUNSET OF PROGRAM.—

15 “(1) IN GENERAL.—The program shall not
16 apply with respect to applicable drugs dispensed on
17 or after January 1, 2025, and, subject to paragraph
18 (2), agreements under this section shall be termi-
19 nated as of such date.

20 “(2) CONTINUED APPLICATION FOR APPLICA-
21 BLE DRUGS DISPENSED PRIOR TO SUNSET.—The
22 provisions of this section (including all responsibil-
23 ities and duties) shall continue to apply after Janu-
24 ary 1, 2025, with respect to applicable drugs dis-
25 pensed prior to such date.”.

(3) INCLUSION OF ACTUARIAL VALUE OF MANUFACTURER DISCOUNTS IN BIDS.—Section 1860D–11 of the Social Security Act (42 U.S.C. 1395w–111) is amended—

(A) in subsection (b)(2)(C)(iii)—

(i) by striking “assumptions regarding the reinsurance” and inserting “assumptions regarding—

“(I) the reinsurance”; and

(ii) by adding at the end the following:

“(II) for 2025 and each subsequent year, the manufacturer discounts provided under section 1860D–14B subtracted from the actuarial value to produce such bid; and”; and

(B) in subsection (c)(1)(C)—

(i) by striking “an actuarial valuation of the reinsurance” and inserting “an actuarial valuation of—

“(i) the reinsurance”; and

(ii) in clause (i), as inserted by clause (i) of this subparagraph, by adding “and” at the end; and

1 (iii) by adding at the end the fol-
 2 lowing:

3 “(ii) for 2025 and each subsequent
 4 year, the manufacturer discounts provided
 5 under section 1860D–14B;”.

6 (d) CONFORMING AMENDMENTS.—

7 (1) Section 1860D–2 of the Social Security Act
 8 (42 U.S.C. 1395w–102) is amended—

9 (A) in subsection (a)(2)(A)(i)(I), by strik-
 10 ing “, or an increase in the initial” and insert-
 11 ing “or, for a year preceding 2025, an increase
 12 in the initial”;

13 (B) in subsection (c)(1)(C)—

14 (i) in the subparagraph heading, by
 15 striking “AT INITIAL COVERAGE LIMIT”;
 16 and

17 (ii) by inserting “for a year preceding
 18 2025 or the annual out-of-pocket threshold
 19 specified in subsection (b)(4)(B) for the
 20 year for 2025 and each subsequent year”
 21 after “subsection (b)(3) for the year” each
 22 place it appears; and

23 (C) in subsection (d)(1)(A), by striking “or
 24 an initial” and inserting “or, for a year pre-
 25 ceding 2025, an initial”.

1 (2) Section 1860D–4(a)(4)(B)(i) of the Social
 2 Security Act (42 U.S.C. 1395w–104(a)(4)(B)(i)) is
 3 amended by striking “the initial” and inserting “for
 4 a year preceding 2025, the initial”.

5 (3) Section 1860D–14(a) of the Social Security
 6 Act (42 U.S.C. 1395w–114(a)) is amended—

7 (A) in paragraph (1)—

8 (i) in subparagraph (C), by striking
 9 “The continuation” and inserting “For a
 10 year preceding 2025, the continuation”;

11 (ii) in subparagraph (D)(iii), by strik-
 12 ing “1860D–2(b)(4)(A)(i)(I)” and insert-
 13 ing “1860D–2(b)(4)(A)(i)(I)(aa)”;

14 (iii) in subparagraph (E), by striking
 15 “The elimination” and inserting “For a
 16 year preceding 2025, the elimination”;

17 (B) in paragraph (2)—

18 (i) in subparagraph (C), by striking
 19 “The continuation” and inserting “For a
 20 year preceding 2025, the continuation”;
 21 and

22 (ii) in subparagraph (E), by striking
 23 “1860D–2(b)(4)(A)(i)(I)” and inserting
 24 “1860D–2(b)(4)(A)(i)(I)(aa) (for a year
 25 preceding 2025)”.

1 (4) Section 1860D–21(d)(7) of the Social Secu-
 2 rity Act (42 U.S.C. 1395w–131(d)(7)) is amended
 3 by striking “section 1860D–2(b)(4)(B)(i)” and in-
 4 serting “section 1860D–2(b)(4)(C)(i)”.

5 (5) Section 1860D–22(a)(2)(A) of the Social
 6 Security Act (42 U.S.C. 1395w–132(a)(2)(A)) is
 7 amended—

8 (A) by striking “the value of any discount”
 9 and inserting the following: “the value of—

10 “(i) for years prior to 2025, any dis-
 11 count”;

12 (B) in clause (i), as inserted by subpara-
 13 graph (A) of this paragraph, by striking the pe-
 14 riod at the end and inserting “; and”; and

15 (C) by adding at the end the following new
 16 clause:

17 “(ii) for 2025 and each subsequent
 18 year, any discount provided pursuant to
 19 section 1860D–14B.”.

20 (6) Section 1860D–41(a)(6) of the Social Secu-
 21 rity Act (42 U.S.C. 1395w–151(a)(6)) is amended—

22 (A) by inserting “for a year before 2025”
 23 after “1860D–2(b)(3)”;

24 (B) by inserting “for such year” before the
 25 period.

1 (7) Section 1860D–43 of the Social Security
2 Act (42 U.S.C. 1395w–153) is amended—

3 (A) in subsection (a)—

4 (i) by striking paragraph (1) and in-
5 serting the following:

6 “(1) participate in—

7 “(A) for 2011 through 2024, the Medicare
8 coverage gap discount program under section
9 1860D–14A; and

10 “(B) for 2025 and each subsequent year,
11 the manufacturer discount program under sec-
12 tion 1860D–14B;”;

13 (ii) by striking paragraph (2) and in-
14 serting the following:

15 “(2) have entered into and have in effect—

16 “(A) for 2011 through 2024, an agreement
17 described in subsection (b) of section 1860D–
18 14A with the Secretary; and

19 “(B) for 2025 and each subsequent year,
20 an agreement described in subsection (b) of sec-
21 tion 1860D–14B with the Secretary; and”;

22 (iii) in paragraph (3), by striking
23 “such section” and inserting “section
24 1860D–14A”; and

1 (B) by striking subsection (b) and insert-
 2 ing the following:

3 “(b) EFFECTIVE DATE.—Paragraphs (1)(A), (2)(A),
 4 and (3) of subsection (a) shall apply to covered part D
 5 drugs dispensed under this part on or after January 1,
 6 2011, and before January 1, 2025, and paragraphs (1)(B)
 7 and (2)(B) of such subsection shall apply to covered part
 8 D drugs dispensed under this part on or after January
 9 1, 2025.”.

10 (8) Section 1927 of the Social Security Act (42
 11 U.S.C. 1396r–8) is amended—

12 (A) in subsection (c)(1)(C)(i)(VI), by in-
 13 serting before the period at the end the fol-
 14 lowing: “or under the manufacturer discount
 15 program under section 1860D–14B”; and

16 (B) in subsection (k)(1)(B)(i)(V), by in-
 17 serting before the period at the end the fol-
 18 lowing: “or under section 1860D–14B”.

19 (e) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply with respect to plan year 2025 and
 21 subsequent plan years.

○