Closing Gaps in Care:
Health Equity and the Inflation Reduction Act

A Scientist.com Cutting Edge Conversation

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Introduction

The U.S. healthcare system continues to grapple with profound disparities in access, affordability and outcomes. Socioeconomic status, geography, race and education all remain powerful predictors of health, leaving many communities without equitable opportunities to achieve their best possible health. At the same time, recent policy reforms, most notably the Inflation Reduction Act (IRA) of 2022, have introduced sweeping changes to drug pricing and Medicare cost management. While the IRA aims to reduce patient expenses, questions remain about whether these provisions will truly improve access for underserved populations or create new barriers.

The following is a summary of a recent webinar, hosted by HealthEconomics.com in partnership with Scientist.com, that brought together two experts to explore these pressing issues. Dr. Michael Munsell, Research Director at Norstella, presented on the role of real-world data (RWD) in evaluating health equity under the IRA. Harpriya Jain, a strategy consultant with over 18 years of experience in biotech and pharmaceutical market access, and Executive Director of PPD Evidera Health Economics and Market Access at Thermo Fisher Scientific, examined the implications of the IRA for R&D, investment, and long-term innovation. Their combined insights highlighted both the opportunities and risks that the IRA presents, particularly through the lens of health equity.

Michael Munsell, PhD
Norstella

Haripriya Jain, MS, MBA
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Real-World Data and Equity in Drug Pricing

First, Dr. Michael Munsell outlined the critical role of RWD in evaluating the IRA's implications for health equity. He noted that clinical trials, while scientifically rigorous, often exclude populations most vulnerable to inequities, such as older adults, minorities and patients with multiple chronic conditions. By contrast, RWD—drawn from claims, electronic medical records (EMRs) and physician notes—captures a broader, more representative view of patients' experiences.

Munsell cited several key studies: Luo et al.[1] showed that Medicare beneficiaries with access to preferred formulary tiers were significantly more likely to initiate treatment, though racial disparities persisted—Black patients were still 35% less likely than White patients to begin therapy, and McAdam-Marx et al.[2] demonstrated that insulin patients with out-of-pocket costs greater than $35 had lower adherence.

It was also noted that Patel et al.[3] found that food insecurity and financial stress could reduce adherence as much as financial barriers. With advances in natural language processing, researchers can now capture such social determinants of health directly from clinician notes, offering a more holistic picture of access challenges.

These findings suggest that while the IRA addresses some financial barriers, broader systemic inequities may remain. Integrating multiple data sources—including unstructured notes and socioeconomic indicators—will be critical to evaluating whether reforms deliver equitable outcomes.

> ***"Real-world evidence offers a way to track whether reforms are truly advancing equity—or creating new barriers."*** — Dr. Michael Munsell

Policy Reform and the Future of Innovation

Next, Priya Jain focused her presentation on the broader implications of the IRA for pharmaceutical R&D and innovation. She explained that three major provisions anchor the policy: drug price negotiation, inflation rebates and the redesign of Medicare Part D. Together, these reforms aim to reduce patient costs and create long-term sustainability for Medicare. However, their impact on investment priorities and innovation may be profound.

Jain highlighted the so-called 'pill penalty,' under which small molecule drugs become eligible for price negotiation after nine years, compared to thirteen years for biologics. This pointed out that this may discourage investment in oral medications, particularly those targeting chronic diseases such as diabetes and cardiovascular conditions, which disproportionately affect underserved populations.

She also raised concerns about orphan drugs. Initially, the IRA exempted only single-indication orphan therapies, discouraging broader investment in rare diseases. A subsequent policy update known as the 'One Big Beautiful Bill'[5] expanded these exemptions, but long-term equity implications remain uncertain.

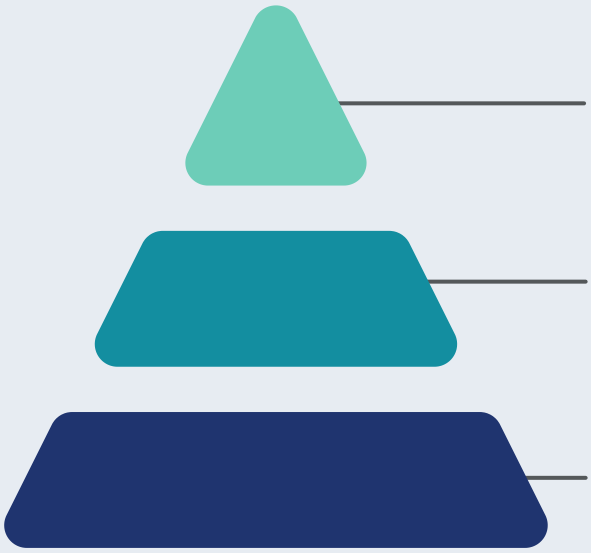
"The IRA may relieve patient costs today, but its ripple effects could reshape tomorrow's innovation pipeline."
— Priya Jain

In the short term, industry reactions have included revenue write-downs, pipeline adjustments, discontinued small molecule programs and shifts toward biologics and late-stage investments. Traditionally, investors have increasingly favored late-stage over early-stage assets, which could slow the pace of novel therapy development. These shifts raise concerns about reduced innovation for marginalized populations in the years ahead.

Evidence Planning and Health Equity

During the panel discussion, both speakers emphasized the importance of deliberate evidence planning. Munsell cautioned that most real-world evidence (RWE) comes from commercially insured patients, who already have greater access to healthcare. This skews findings toward more advantaged groups while excluding the populations most at risk of inequities. Linking geographic socioeconomic data by ZIP code, as well as analyzing unstructured clinical notes, can help provide broader context and capture social determinants of health (SDoH). Such efforts allow policymakers and researchers to better understand the full spectrum of barriers to care.

Jain argued that current value frameworks weigh efficacy and cost too heavily while neglecting patient-centered outcomes such as caregiver burden, quality of life and heterogeneity across populations. Including patient voices and advocacy groups in evidence generation is essential to ensure that reforms do not unintentionally widen gaps in care.



Clinical Rigor & Efficacy
Safety and efficacy data from clinical trials;
Traditional endpoints; RWD from EMRs

Economic Value & Affordability
Traditional focus of value frameworks;
Out-of-pocket costs and adherence data;
Formulary access and utilization

Health Equity Context & Patient Voice
SDoH from unstructured notes; Patient-centered outcomes (caregiver burden, QoL, heterogeneity);
Inclusion of patient voices

Figure 1: Achieving Equitable Evidence: The Deliberate Shift in Planning and Value Assessment. To overcome skewed data and narrow value frameworks, deliberate evidence planning must move beyond clinical and economic metrics.

A Reshaped Landscape

The discussion concluded with a reflection on the long-term impact of the IRA. Both speakers agreed that the law represents not just a transitional policy but a permanent reshaping of the U.S. drug pricing system. While the IRA marks progress toward affordability, it alone will not resolve all systemic challenges.

Jain pointed to the influence of intermediaries such as pharmacy benefit managers (PBMs) and the 340B program, which also shape patient costs and manufacturer margins. Without addressing these broader factors, reforms may fall short of ensuring true equity.

Munsell emphasized the importance of using RWD not only for retrospective evaluation but also for ongoing monitoring. By tracking adherence, formulary access and outcomes over time, stakeholders can better understand whether pricing reforms are reducing barriers or shifting them elsewhere.

Conclusion

This webinar underscored the dual nature of the Inflation Reduction Act: a historic opportunity to lower drug costs and improve access as well as a source of uncertainty for long-term pharmaceutical innovation. Real-world data will play a pivotal role in tracking these reforms. By linking clinical outcomes with social determinants of health, researchers and policymakers can assess whether reforms truly advance equity or unintentionally create new disparities.

Ultimately, achieving health equity will require a balance: ensuring affordability while safeguarding incentives for innovation, and embedding patient voices at the center of evidence generation and policy evaluation.

References

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3. Minal R. Patel, Dante Anthony Tolentino, Alyssa Smith, Michele Heisler. Economic burden, financial stress, and cost-related coping among people with uncontrolled diabetes in the U.S. Preventive Medicine Reports, Volume 34, 2023.

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