



Health Care on the Ballot:

Protecting Reforms to Lower Drug Prices

The future of our nation's health and health care is at stake in this election, across the states, for the 119th Congress, and in the White House. Critical priorities are on the line, including protecting our historic and hard-fought win to reduce drug prices in Medicare through the Inflation Reduction Act (IRA).

The high cost of prescription drugs is untenable:

- » Approximately 80 million people in our country have not taken required medicine as prescribed due to its costs; and
- » Rationing or skipping needed medication, causes an estimated 125,000 deaths a year.²

The IRA fundamentally reforms how Medicare pays for prescription drugs by finally granting authority to the federal government to negotiate for fair prices, providing more affordable access to health care by expanding the Medicare Part D Low-Income Subsidy program, making additional vaccines free, and capping the cost of insulin and other out-of-pocket costs for our nation's seniors and people with disabilities.

- » The IRA provides immediate savings for millions of older adults and people with disabilities who rely on Medicare for their health care.
 - The IRA caps the cost of insulin at \$35, saving an average of \$500 on insulin costs for an estimated 1.5 million older adults.³
 - In 2023, the IRA saved older adults as much as \$618 per average dose on 47 different prescription drugs due to the law's requirement that drug companies pay rebates on certain drugs if prices outpace the rate of inflation.⁴
 - Free vaccines are undoubtedly leading to millions of dollars in additional savings: due to the passage of the IRA, older adults will save almost \$70 per person in out-of-pocket spending for additional vaccines.⁵

- » The IRA is also driving down the cost of prescription drugs over time.
 - When the \$2,000 out-of-pocket cap on prescription drugs takes effect in 2025, nearly 19 million older adults and people with disabilities who rely on medications are projected to save \$400 per year on their prescription drugs. Of those 19 million, 1.9 million with the highest drug costs will save an average of \$2,500 per year.⁶
 - Millions of older adults will save money when negotiated prices of the first ten drugs selected for the Medicare price negotiation program go into effect in 2026. In 2022, those ten drugs — used to treat common conditions like diabetes, Crohn’s disease, arthritis, blood clots and more — cost those that rely on Medicare \$3.4 billion in out-of-pocket costs. Had the Medicare price negotiation program been in effect in 2021, Part D out-of-pocket costs would have declined 23% for people taking the ten costliest drugs at the time.⁷

Threats to the IRA:

Big drug companies and their allies in Washington are fighting to overturn these reforms so they can once again be allowed to set higher and higher prices for the lifesaving and life-sustaining medications that Americans need.

- » No Congressional Republicans voted in favor of the IRA, and they have repeatedly threatened to repeal well-supported key drug price provisions in the law.^{8,9} The House Energy and Commerce Committee held a hearing this year which included legislation that would significantly weaken the number of drugs eligible to be negotiated — making the program toothless.¹⁰
- » The Secretary of the Department of Health and Human Services (HHS) has discretion over the Medicare negotiation program and how to determine a negotiated price. Health care advisors from the previous Trump administration said a future Trump Administration’s HHS Secretary likely would not push for the lowest possible prices when negotiating and may try to cut the number of dedicated HHS staff working on the program.¹¹ These efforts would undermine the implementation of the IRA and could threaten access to more affordable medications for our nation’s seniors.
- » The Department of Justice (DOJ) is currently defending the Medicare negotiation program against nine lawsuits from drug companies and related associations.¹² A future Attorney General that did not support the IRA could opt out of defending against those lawsuits, which would have detrimental impacts on the program and the relevant savings for millions who rely on Medicare.¹³

Endnotes

¹ Kirzinger, Ashley, Lunna Lopes, Bryan Wu, and Mollyann Brodie., “KFF Health Tracking Poll—February 2019: Prescription Drugs.” The Henry J. Kaiser Family Foundation. March 01, 2019 <https://www.kff.org/healthcosts/poll-finding/kff-health-tracking-poll-february-2019-prescription-drugs/>.

² Fred Kleinsinger, “The Unmet Challenge of Medication Nonadherence” National Library of Medicine, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6045499/>.

³ Department of Health and Human Services, “New HHS report finds major savings for Americans who use insulin thanks to president Biden’s inflation reduction act” January 2023, <https://www.hhs.gov/about/news/2023/01/24/new-hhs-report-finds-major-savings-americans-who-use-insulin-thanks-president-bidens-inflation-reduction-act.html>.

⁴ Assistant Secretary for Planning and Evaluation, “Inflation Reduction Act Research Serie, Medicare Part B Inflation Rebates in 2023. December 14, 2023, <https://aspe.hhs.gov/sites/default/files/documents/7135bf0b04310aaf69f8c5f3029c4b05/ira-medicare-part-b-rebate-factsheet.pdf>.

⁵ Assistant Secretary for Planning and Evaluation, “Inflation Reduction Act Research Series, Medicare Part D Enrollee Savings from Elimination of Vaccine Cost-Sharing.” March 15, 2023, <https://aspe.hhs.gov/sites/default/files/documents/329fd579ada6515d3be404f06821c361/aspe-ira-vaccine-part-d.pdf>.

⁶ Centers for Medicare and Medicaid Services, “Anniversary of the Inflation Reduction Act: Update on CMS Implementation” August 16, 2023, <https://www.cms.gov/newsroom/fact-sheets/anniversary-inflation-reduction-act-update-cms-implementation>.

⁷ Department of Health and Human Services, “HHS Selects the First Drugs for Medicare Drug Price Negotiation” August 29, 2023, <https://www.hhs.gov/about/news/2023/08/29/hhs-selects-the-first-drugs-for-medicare-drug-price-negotiation.html>.

⁸ Joseph Choi, “Senate Republican bill would repeal Democratic drug pricing law” The Hill. October 7, 2022, <https://thehill.com/homenews/senate/3678314-senate-republican-bill-would-repeal-dem-drug-pricing-law/>.

⁹ Peter Sullivan and Victoria Knight, “House GOP eyes repeal of Dems’ drug pricing law,” Axios Pro, September 23, 2022, <https://www.axios.com/2022/09/23/gop-drug-price-repeal-target>.

¹⁰ Families USA, “Families USA Statement For The Record For Energy And Commerce Health Subcommittee Hearing On Rare Diseases” February 2, 2024, <https://familiesusa.org/resources/families-usa-statement-for-the-record-for-energy-and-commerce-health-subcommittee-hearing-on-rare-diseases/>.

¹¹ Maya Goldman, “How Trump could weaken Medicare drug pricing negotiations,” Axios February 7, 2024, <https://www.axios.com/2024/02/07/trump-medicare-price-negotiations-executive-power>.

¹² O’Neill Institute, “Inflation Reduction Act” <https://litigationtracker.law.georgetown.edu/issues/inflation-reduction-act/>.

¹³ Hazel Law, “Big Drug Companies Vs. Lower Drug Prices: Breaking Down The Lawsuits” Families USA, October 30, 2023, <https://familiesusa.org/resources/big-drug-companies-vs-lower-drug-prices-breaking-down-the-lawsuits/>.

