

Topline Messages for Senate Prescription Drug Pricing Reforms – FY22 Budget Reconciliation

Finally empowers Medicare to begin negotiating directly for the price of prescription drugs in 2023. Currently, our drug pricing system works for corporations and middlemen, not patients. The new negotiation policy will ensure that patients with Medicare get the best deal possible on high-priced drugs and pay cost-sharing for those drugs based on the Medicare negotiated price.

Caps Medicare patients' out of pocket costs at \$2,000 per year, with the option to break that amount into affordable monthly payments. Today, there is no cap on spending for prescription drugs seniors buy from pharmacies. This proposal ensures that devastating diagnoses, like cancer, will never again mean paying tens of thousands out of pocket for just one drug.

Institutes a new “inflation rebate” under Medicare. Drug companies should not be empowered to take arbitrary and unjustified price increases on products that are not changing year-to-year. This proposal requires drug companies to rebate back the difference to Medicare if they raise prices higher than inflation.

Puts more financial responsibility on insurance and drug companies to keep prices down. Patients are paying exorbitantly high prices while insurers and manufacturers rake in huge profits and negotiate secret discounts and agreements. Experts agree that the current Medicare Part D framework lets both insurers and drug companies off the hook for high drug prices – in fact, the system incentivizes higher drug prices by allowing insurers to pay less when drug prices go up. The bill changes that dynamic by incentivizing both manufacturers and insurers to keep drug prices down – it puts them on the hook for higher drug prices and spending to tamp down artificially high prices jointly set by big pharma and pharmacy benefit managers.

Stabilizes Part D premiums for seniors in Medicare. The proposal holds annual premium growth to existing levels so that insurers and manufacturers can't pass their new financial responsibilities on to seniors.

Provides free vaccines for seniors. Finally makes all vaccines free in Medicare for seniors, the only population for which vaccines were not already free.

Closes the “rogue Secretary” loophole. The proposal would close a loophole in the House-passed bill that would have allowed a bad actor Republican secretary to refuse to negotiate or negotiate fewer than the maximum number of drugs. The bill now requires the Secretary to negotiate the maximum number of drugs each year, to the extent that number of drugs qualify for negotiation.

Expands premium and co-pay assistance on prescription drugs for low-income individuals. Currently, the low-income subsidy program (LIS) under Medicare Part D is fully available to all seniors earning less than 135% of the federal poverty level, and partially available to seniors earning less than 150% of the federal policy level. The bill eliminates the partial subsidy status, giving those seniors the full low-income subsidy under Medicare Part D.