

# Medicare Drug Price Regulation



**#1**

Prescription drug pricing is consistently a top issue for Americans



**5%**

Medicare Part D enrollees pay 5% of their total drug costs after reaching \$6,500 out-of-pocket



**10%**

Prescription drug costs represent around 10 % of US national health spending



**20%**

Prescription drug costs represent around 20 % of health benefit costs for large US employers



**\$1.85  
Trillion**

President Biden's Build Back Better plan (not final yet) reduces out-of-pocket maximums to \$2,000

## How Congress Could Regulate Medicare Drug Prices

Prescription drug costs continue to be a concern for many Americans. But now, as Congress works to finalize President Biden's Build Back Better social spending plan, House Democrats have reached a deal that could put some patients' minds at ease. The measure would potentially curb prescription drug costs, allowing the government to negotiate prices for medications covered by Medicare for the first time, The New York Times reports. So, why is Congress striving to regulate Medicare drug prices?

### Why Is Congress Working to Regulate Medicare Drug Prices?

As mentioned above, prescription drug costs are a major concern for American consumers. Each year, these costs represent around 10 percent of national health spending and nearly 20 percent of health benefit costs for large employers and Medicare, the Kaiser Family Foundation reports. With that in mind, lawmakers are working to ease the burden on consumers. "Fixing prescription drug pricing has consistently been a top issue for Americans year-after-year, including the vast majority of both Democrats and Republicans who want to see a change because they simply cannot afford their medications," Senate Majority Leader Chuck Schumer said in a statement quoted by NPR. "We've heard this from people across the

country who have serious illnesses and can't afford their medicine. What a painstaking position to be in. It's horrible."

### How will Congress Impact Medicare Drug Prices?

Congress is currently finalizing President Biden's \$1.85 trillion Build Back Better social spending plan, and House Democrats have included Medicare drug prices in their fight. As explained by The New York Times, Democrats just finalized a measure that would, for the first time, allow the federal government to negotiate prescription drug prices on behalf of Medicare beneficiaries. The measure would also allow the government to negotiate prices for people enrolled in private plans, curbing drug costs for both groups.

NPR explains that, under existing rules, Medicare Part D enrollees pay five percent of their total drug costs after reaching a certain threshold. The threshold is currently set at \$6,500 for out-of-pocket drug costs, which many advocates feel is much too high for the average American. The new agreement would allow government representatives to negotiate prices directly with designated drug manufacturers. It would also cap out-of-pocket spending for seniors at \$2,000 per year.

## What Happens Next?

House Democrats will soon bring President Biden's Build Back Better plan to the House for a vote. If the current social spending plan becomes law, the prescription drug regulations would join other features including climate change mitigation and social safety net measures. However, before the House can vote, representatives have to iron out issues on greenhouse gases, immigration, and more. In other words, while the prescription drug measure could benefit many Americans, it isn't final just yet.

Medicare drug prices are a concern for many Americans. Fortunately, elected officials are listening and working to make life-changing drugs more readily available to all.

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