

Lowering Prescription Drug Costs:

Recent Progress and Opportunities for the Future



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U.S. SENATE SPECIAL COMMITTEE ON AGING

A Note from the Chairman

"As the IRA continues to make prescription drugs more affordable for the 63 million Americans on Medicare, we must work to both protect its provisions from being repealed and to expand its reach to all Americans."



High-cost prescription drugs have pushed many Americans to forgo needed care, groceries, and rent in order to pay for their essential and often life-saving medications. For some, no matter what they do, their critical prescription drugs are simply impossible to afford. This is unacceptable.

The Inflation Reduction Act of 2022 (IRA) was a huge win in the fight to ensure that no senior is forced to go without necessary health care. The IRA lowered drug prices through Medicare drug price negotiations, inflation rebates, and out-of-pocket and insulin caps. As the IRA continues to make prescription drugs more affordable for the 63 million Americans on Medicare, we must work to both protect its provisions from being repealed and to expand its reach to all Americans. There is much more to be done to reduce the devastating effects of high drug costs, and I urge my Senate colleagues to work to make essential, life-saving medications affordable for all Americans.

Introduction

The cost of prescription drugs places an unacceptable burden on Americans. Over 60 percent of adults take at least one prescription drug and over 25 percent of adults take four or more prescription drugs. Of those who take four or more prescription drugs, 37 percent say that they have trouble affording all of their prescriptions.¹ We have a responsibility to all Americans who rely on medications to ensure they are not forced to spend well beyond their means to get the prescriptions they need. Though progress has been made over the past few years, ensuring that Americans can afford the medications that they need is an ongoing fight that legislators must remain focused on in the upcoming years.

Prescription Drug Costs

Medicare Part B and Part D

Medicare Part B and Medicare Part D are two voluntary benefits that help Medicare beneficiaries pay for prescription drugs. Medicare Part B covers medically necessary outpatient care, including prescription drugs administered by physicians and other providers in outpatient settings. Beneficiaries who choose to enroll in Medicare Part B are required to pay a deductible, coinsurance, and monthly premium. In 2025, Medicare Part B beneficiaries must pay a \$257 deductible, a \$17 increase from 2024. The standard monthly Part B premium for 2025 is \$185, an increase of \$10.30 from 2024. Medicare Part B covers a substantially smaller, yet often relatively more costly, number of drugs than Part D such as chemotherapy drugs.

Medicare Part D covers most at-home prescription medications. Those who enroll in Medicare Part D pay a monthly premium, and the benefit is provided to Medicare recipients through private plans approved by the federal government. The average total Medicare Part D premium is projected to be \$46.50 monthly in 2025.

Drug Pricing Trends and the Effects on Americans

Despite the monetary assistance that Medicare Part B and Part D provide to older adults and people with disabilities, many individuals still cannot afford necessary and often life-saving medications.

Americans pay the highest prices for prescription drugs in the world, with prices more than 2.5 times higher than prescription drug prices in similar high-income countries.² From July 2021 to July 2022, prices for 1,216 prescription drug products increased at a rate above inflation, with an average price increase of 31.6 percent over that year.³ Some of those drug prices increased by more than 500 percent.

High drug prices can put Americans' health at risk. In 2023, one quarter of adults aged 65 years or older reported having difficulty affording their prescription drugs.⁴ According to the U.S. Centers for Disease Control and Prevention, 9.2 million Americans have reported skipping doses, taking fewer doses than prescribed, or delaying filling a prescription due to unaffordable costs.⁵ In 2016, Americans eligible for Medicare spent, on average, \$5,460 out-of-pocket for health care expenses over one year, with out-of-pocket costs for prescription drugs accounting for nearly \$1 out of every \$5 spent.⁶

Medicare Spending Trends on Prescription Drugs

Prescription drug costs significantly impact government spending. Medicare Part B and Part D benefits are paid for by the Supplementary Medical Insurance Trust Fund, which is funded by premiums paid by enrollees (25 percent) and general revenues (75 percent). In 2021, the U.S. health care system overall spent \$603 billion on prescription drugs.⁷ This spending growth was largely due to growth in spending per prescription, rather than increased use of medications, and was driven by a relatively small number of high-cost drugs.

Susan Whittaker

Allentown, Pennsylvania

Susan was widowed earlier this year when her husband, Bill, passed away from complications stemming from longstanding health issues that included congestive heart failure, diabetes, pulmonary embolisms, and three myocardial infarctions. Susan believes Bill's health declined significantly because he rationed his prescriptions due to cost.

After his first heart attack, Bill was prescribed Repatha, a cholesterol medication that required him to pay \$800 out-of-pocket for a 30-day supply. Unable to afford this cost, Bill did not take the medication. Based on guidance from his doctor, in lieu of his prescribed cholesterol medication, Bill took five fish oil tablets twice a day which led to negative side effects. Bill was also forced to ration his insulin when the monthly \$600 out-of-pocket cost became impossible to afford, further detracting from Bill's health. Susan recalls a heartbreaking moment at the pharmacy when she was asked to pay \$1,283.26 for the medications Bill needed and had no choice but to fill only the medications covered by Bill's part D prescription plan. The essential medications with excessively high costs were left behind.

Recent Federal Efforts to Address the High Cost of Medications

During the past four years, Congress has worked to reduce the high cost of prescription drugs for Americans. The Inflation Reduction Act (IRA), which was passed into law on August 16, 2022, includes many reforms that significantly improve prescription drug and health insurance affordability for millions of Americans.

The IRA has reduced out-of-pocket co-pays for insulin to \$35 a month, a requirement that could save Americans over \$750 million annually.⁸ The law also prohibits drug companies from increasing the cost of their medications greater than the annual inflation rate. The IRA also has expanded the number of Americans who can receive full coverage for their prescription drugs to people with incomes less than 150 percent of poverty, up from 135 percent of poverty, and will save those Americans more than \$300 annually in prescription drug expenses.⁹

Possibly the most important effort to reduce the high cost of medications is the ability to negotiate with drug companies the costs of the 10 most commonly prescribed medications. Through negotiations, the federal government can save at least \$6 billion annually and Americans who are covered by Medicare will save \$1.5 billion annually.¹⁰ Each year, the costs of more medications will be negotiated with drug companies, saving Americans even more on their prescription drug costs.

Recent Work by Chairman Casey and the Aging Committee to Address High Drug Costs

Under the chairmanship of Senator Casey, the U.S. Senate Special Committee on Aging has highlighted the high costs of prescription medications for older adults and people with disabilities and has offered a number of solutions.

Chairman Casey has participated in two hearings addressing the high costs of medication for Americans. On May 10, 2023, and on February 8, 2024, the Senate Committee on Health, Education, Labor, and Pensions (HELP) held hearings focused on insulin prices and why the United States pays the highest prices for prescription drugs of any country in the world.

Each hearing featured three of the largest pharmaceutical manufacturers of insulin and other medications.¹¹ In response to the passage of the IRA, the hearing, and a 2019 letter from Senators including Chairman Casey, the manufacturers announced they would cap out-of-pocket insulin costs, saving Americans millions of dollars monthly.

Chairman Casey has led Senate efforts to cap out-of-pocket drug costs for all Americans, prohibit health plans and pharmacy benefit managers from overcharging Medicare recipients, and reduce the burden high drug costs place on the lowest income families. He has also worked tirelessly to expand Medicare coverage to ensure that Americans have access to affordable, comprehensive health care, including access to prescription medications that make it possible for them to live full and healthy lives.

As Chairman of the U.S. Senate Special Committee on Aging, Senator Casey released [fact sheets](#) detailing how the IRA has lowered health costs, including prescription drug costs, for Americans in all fifty states and the District of Columbia.

While the IRA continues to bring down costs for Medicare beneficiaries, the continued high cost of prescription drugs persists as a barrier to treatment for many Americans, including those who receive their health care through private insurance plans. To address these high costs, Chairman Casey and Aging Committee Member Senator Raphael Warnock of Georgia introduced the Capping Prescription Costs Act in July 2024. The bill builds upon the IRA to extend out-of-pocket prescription drug caps to Americans with private insurance. The legislation would set an individual cap of \$2,000 annually and a family cap of \$4,000 annually on cost-sharing for prescription drugs. Chairman Casey has also introduced the Protecting Seniors from High Drug Costs Act, which would prohibit health plans and pharmacy benefit managers from charging Medicare Part D recipients more in cost-sharing than the net cost of the drug.

Chairman Casey has also taken steps to support the over 13.8 million Americans who come from low-income households. The Cutting Copays Act, which Chairman Casey introduced in March 2024, would eliminate generic drug copays for Americans with the lowest incomes.

Chairman Casey also has taken steps to improve and expand Medicare coverage. He was proud to introduce the Medicare and Medicaid Dental, Vision, and Hearing Benefit Act, legislation that would make it possible for Medicare to cover dental, vision, and hearing services.

Future Steps to Address High Medication Costs

Lowering prescription drug costs for Americans must continue to be a priority. To accomplish this goal, members of Congress should take the following actions:

- Prevent Republican attempts to repeal the IRA. With over a dozen lawsuits currently filed by drug manufacturers that target the IRA Medicare drug negotiation program, it is imperative that Congress and the incoming Administration defend the program to reduce drug costs to the Medicare program and to older adults and people with disabilities.¹²
- Clearly communicate the positive effects of the IRA for Americans, who may otherwise not be aware of programs created by the legislation to save money on prescription drugs. Chairman Casey and Senator Warnock have sent a letter to the Biden Administration urging the Department of Health and Human Services to increase outreach efforts to seniors to help them understand how to guarantee their prescription drugs count towards the \$2,000 out-of-pocket cap.
- Introduce and pass legislation expanding the out-of-pocket cap on prescription drugs to the private insurance market. Congress should expand some of the other IRA provisions, such as a negotiation program and an inflation rebate, to the private insurance market.

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