



AARP
STATEMENT FOR THE RECORD
for the
UNITED STATES SENATE
SPECIAL COMMITTEE ON AGING
FIELD HEARING
on

LOWERING HEALTH CARE COSTS FOR NEVADA SENIORS:
TAKING ACTION TO BRING DOWN PRESCRIPTION DRUG PRICES

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Maria Moore
State Director, AARP Nevada

For further information contact:
Glen W. Fewkes
Director, Health Care Access
and Affordability
Government Affairs
gfewkes@aar.org

AARP, on behalf of our 38 million members, including over 300,000 members in Nevada, and all older Americans nationwide, appreciates the opportunity to submit testimony on this important hearing of the Senate Aging Committee.

AARP has been fighting for decades to make prescription drugs more affordable, which is why we pushed so hard for the drug pricing provisions in the recently enacted *Inflation Reduction Act of 2022*. These new policies will go a long way to lower drug prices and out-of-pocket costs for older Nevadans. We thank Senator Rosen for her support of this law and the Senate Aging Committee for its recent hearings and other efforts to keep prescription drug pricing reform in the spotlight.

For perspective on the historic nature of this new law, it is important to fully understand the difficulty that so many older Americans face in trying to afford the medications they need to stay healthy. On average, Medicare Part D enrollees take between four and five prescriptions per month, often for chronic conditions that will require treatment for the rest of their lives. At the same time, Medicare beneficiaries have a median annual income of just under \$30,000. One-quarter have less than \$8,500 in savings.

In Nevada, the average annual cost of prescription drug treatment increased 26.3% between 2015 and 2019, while the annual income for Nevada residents only increased 18.8%. This population simply does not have the resources to absorb rapidly escalating prescription drug prices and many are facing the reality of having to choose between their medications and rising prices for other basic needs such as food or housing. We know the number one [reason](#) someone does not fill a prescription is because of the cost.

For years, prescription drug price increases have dwarfed even the highest rates of general inflation. If consumer prices had risen as fast as drug prices over the last 15 years, gas would now cost \$12.20 a gallon, and milk would be \$13 a gallon. Just in January, the drug industry raised prices on over 800 prescription medications—just as they have increased prices for decades—including [three-quarters](#) of the top 100 drugs with the highest spending in Medicare Part D.

After years of promises, Congress has enacted the historic changes in the Inflation Reduction Act. This new law will finally require Medicare to leverage its buying power and begin to negotiate with drug companies for lower prices. The provision will apply to a growing number of drugs that are among the highest cost to consumers and Medicare, resulting in substantial savings for both seniors and taxpayers. The Congressional Budget Office estimates this policy alone will save Medicare nearly \$100 billion over 10 years.

The law will also give peace of mind to millions of seniors with high drug costs by capping their out-of-pocket Part D drug spending at \$2,000 per year. There is currently no cap on these costs, and many Medicare beneficiaries simply do not have the financial resources to fill prescriptions that can cost them \$10,000 or more every year. The law also caps insulin co-pays in Part D at \$35 month, which will be a major help for the roughly one-in-three Medicare beneficiaries with diabetes. These are incredibly important policies that will not only save money for millions of Americans but will also save lives.

The Inflation Reduction Act will also require drug companies to pay penalties if they raise their prices faster than inflation. This policy will address the long-standing practice of drug companies raising their prices year after year, often at more than twice the rate of inflation. This will help rein in seniors' out-of-pocket cost sharing and Medicare drug plan premiums.

In addition, the Inflation Reduction Act will make available certain recommended vaccines for seniors on Medicare with no cost sharing, like the shingles vaccine that has a list price of around \$350. This policy already applies to Medicare Part B-covered vaccines and the small group and private markets, but for years, Medicare beneficiaries have had to pay some level of cost-sharing for Medicare Part D-covered vaccines depending on their plan coverage. This will not only save seniors out-of-pocket costs but is also an important preventative benefit to help protect older adults from illness. Approximately 4.1 million Medicare beneficiaries received a vaccine covered under Part D in 2020.

This new law is an historic victory for families across the country who are struggling to afford their prescriptions, but the fight isn't over. Big drug companies will spend millions trying to overturn or undermine the new law so they can keep charging Americans the highest prices in the world. AARP will keep fighting big drug companies' out-of-control prices, and we won't back down. Thank you again to the Special Aging Committee for holding this hearing in Nevada, and to Senator Rosen for inviting us here to raise awareness about this critical issue.