



# CAHC's Policy Perspective

Preserving and Expanding Health Care Access

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## Latest News on the Fight for Prescription Drug Affordability, the Inflation Reduction Act, and Implications for Mainers

A [new report](#) from the U.S. Department of Health and Human Services reveals just how impactful the prescription drug provisions of the Inflation Reduction Act (IRA) will be. The new data show the first 10 drugs subject to price negotiation under Medicare, starting in 2026, currently make up nearly 20 percent of the Medicare Part D benefit. In addition, Part B beneficiaries might see reduced coinsurances in 2024 because of the IRA's inflation rebate provision.

It's worth it, therefore, to revisit this landmark legislation that puts affordability at the center of health care policy objectives.

The cost of prescription drugs has become a top health policy issue for consumers and policymakers, at both state and federal levels, because Americans pay higher prices for prescription drugs than any other country in the world. Prescription drug prices in the U.S. are more than 2.5 times as high as those in other similar high-income nations. The decades-long rise in prescription drug prices can be attributed largely to price growth in spending per prescription, and to a lesser extent increased utilization (i.e., more prescriptions). In fact, currently the 25 largest pharmaceutical companies control around 70% of industry revenues. Over 30 years of dramatic consolidation in the pharmaceutical industry has led to higher prices, fewer treatment options and less incentive to innovate – and consumers are paying the price. The U.S., [Axios noted in 2021](#), is the drug industry's "gold mine."

The effect of rising prescription drug prices has very real and devastating impacts on the day-to-day lives of many Americans, including Mainers. A report from the Centers for Disease Control and Prevention concluded the high cost of prescription drugs caused more than 9 million adults to not take their medications as instructed. In Maine, a [survey](#) conducted in December of 2022 found that [more than half of Mainers](#) are concerned about not being able to afford a prescription drug or medicine they need.

In August of 2022, the Biden Administration passed the Inflation Reduction Act, which included [provisions](#) targeting the high cost of prescription drugs in the United States. One of these provisions will allow the federal government to negotiate prices with drug companies for a small number of single-source brand-name drugs or biologics without generic or biosimilar competitors under Medicare Part D (starting in 2026) and Part B (starting in 2028). The law establishes an upper limit for the negotiated price, called the maximum fair price, for a given drug.

The federal government will negotiate prices on 10 Part D drugs for 2026, 15 Part D drugs for 2027, 15 Part D and Part B drugs for 2028, and 20 Part D and Part B drugs for 2029. These drugs will be selected from the 50 drugs with the highest total Medicare Part D spending and the 50 drugs with the highest total Medicare Part B spending. We can expect the drugs selected in all phases of the price negotiation program to be similar to the costliest drugs in Maine. Although they might not be exactly the same, national trends are largely reflected in Maine when it comes to high-cost prescription drugs. In the following sections, we'll discuss the announcement of those first 10 Part D drugs, overlap with costliest drugs in Maine, and when and where to expect changes.

### New Report from HHS Reviews 10 Drugs Chosen for Medicare Drug Pricing Negotiations

Data released in the new [HHS report](#) exemplifies the need for drug pricing negotiations. The report includes conditions treated by the ten drugs chosen for negotiation (along with common disparities associated with these conditions), utilization and spending trends for each of the drugs, and whether these drugs received federal contributions and support for their development.

The report details that total Medicare Part D spending on the 10 prescription drugs selected for negotiation more than doubled from 2018 to 2022, going from about \$20 billion in 2018 to about \$46 billion in 2022, an increase of 134 percent. The report also found that for enrollees who take at least one of the selected drugs, spending on the drugs represented about 52 percent of average annual out-of-pocket spending per enrollee on all of their Part D covered drugs. These data demonstrate not only the need for price negotiations, but why the Biden administration targeted these particular drugs. Lastly, the report outlined that more than five million people with Medicare reported they struggle to afford their prescriptions, with the share of Black and Latino enrollees reporting affordability challenges about 1.5 to 2 times higher than their White counterparts. Price negotiations and maximum fair prices will help to close this gap, both nationally and here in Maine.

For more insights from the report, look [here](#).

### Inflation Reduction Act and What to Expect in Maine

The table below shows the first ten Part D drugs chosen for negotiation and their overlap with the costliest drugs in Maine (find sources to data related to prescription drug costs in Maine below the table):

DRUG NAME	CONDITIONS TREATED	ONE OF MAINE'S 25 COSTLIEST DRUGS?	ONE OF MAINE'S TOP 25 DRUGS WITH HIGHEST YEAR-OVER-YEAR INCREASES?
Eliquis	Prevention and treatment of blood clots	✓	✓
Jardiance	Diabetes; Heart failure	✓	✓
Xarelto	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	✓	
Januvia	Diabetes		
Farxiga	Diabetes; Heart failure; Chronic kidney disease		✓
Entresto	Heart failure		
Enbrel	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	✓	
Imbruvica	Blood cancers	✓	
Stelara	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	✓	✓
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Diabetes		

[\\*Maine Health Data Organization's Top 25 Costliest Drugs 2021-2022](#)

[\\*Maine Health Data Organization's Top 25 Drugs with Highest Year-Over-Year Increases 2021-2022](#)

As is evident, many of the ten drugs that will be negotiated are among [Maine's costliest prescription drugs](#) and those with the highest year-over-year cost increases. Mainers with Medicare who are prescribed these drugs are expected to see direct savings due to the maximum fair prices negotiated by the federal government (as opposed to unregulated prices set by pharmaceutical companies).

### Changes in Maine

Although the list drugs subject to negotiation has been released, the actual negotiated prices will not be released until September of 2024, with the negotiated prices taking effect in 2026. However, the office of [Maine Senator Angus King stated](#) that new negotiated prices will impact more than 45,000 Maine people who have prescriptions

for the top ten drugs. For instance, Eliquis affects 21,000 Maine people with an average of \$413 in annual out-of-pocket costs to pay for the drug. Januvia is prescribed to 4,000 Mainers and costs \$228 out-of-pocket per year. “These price negotiations will result in significant savings for taxpayers and will hopefully reduce the financial strain on the 30% of Maine people enrolled in Medicare,” [King said](#).

## The Upcoming Legislative Session; [LD 1829](#), An Act Requiring Reference-based Pricing to Reduce Prescription Drug Costs

The Inflation Reduction Act prescription drug negotiation provision affects only Medicare enrollees. However, efforts are underway in Maine to apply an application of negotiated rates to all people enrolled in plans regulated by the state. LD 1829, An Act Requiring Reference-based Pricing to Reduce Prescription Drug Costs, sponsored by Senator Cameron Reny, would prohibit any state regulated plan from purchasing prescription drugs at a cost that exceeds the referenced rate (that referenced rate being the federal, Medicare negotiated rate). The passage of LD 1829 would ensure Mainers without Medicare would also benefit from the savings created by Medicare’s negotiated rates.

To delve further into the ins-and-outs of LD 1829, check out this National Academy for State Health Policy [Q&A](#). For a deeper dive into legal questions, see this [white paper](#) by Professor Rachel Sachs with a detailed analysis of the patent law and commerce clause implications of upper payment limits for a similar model bill related to international reference rates.

[1] <https://aspe.hhs.gov/reports/trends-prescription-drug-spending>

[2] Ibid.

[3] <https://www.whitehouse.gov/briefing-room/statements-releases/2023/12/07/fact-sheet-biden-harris-administration-announces-new-actions-to-lower-health-care-and-prescription-drug-costs-by-promoting-competition/>

[4] <https://pnhp.org/news/more-trouble-drug-industry-consolidation/>

[5] <https://www.health.com/drug-costs-united-states-cdc-7509659#:~:text=A%20Kaiser%20Family%20Foundation%20Health,four%20or%20more%20prescription%20medicines.>

[6] [https://www.kff.org/medicare/issue-brief/explaining-the-prescription-drug-provisions-in-the-inflation-reduction-act/#:~:text=drugs%20in%202015.-,provision%20description,inflation%20\(CPI%20DU\)](https://www.kff.org/medicare/issue-brief/explaining-the-prescription-drug-provisions-in-the-inflation-reduction-act/#:~:text=drugs%20in%202015.-,provision%20description,inflation%20(CPI%20DU))

[7] <https://www.hhs.gov/about/news/2023/12/14/new-hhs-actions-and-research-highlight-how-president-bidens-administration-lowering-prescription-drug-costs.html>

[8] <https://www.hhs.gov/about/news/2023/12/14/new-hhs-actions-and-research-highlight-how-president-bidens-administration-lowering-prescription-drug-costs.html>

[9] <https://aspe.hhs.gov/sites/default/files/documents/4bf549a55308c3aad74b34abcb7a1d1/ira-drug-negotiation-report.pdf>



### About Ceilidh Shea - Policy Advocate

Ceilidh has a strong interest in the intersection of public policy and health outcomes, particularly with respect to health equity and health justice. She is a graduate of Colorado College, where she majored in Political Science and minored in Global Health.

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