

PATIENTS FOR AFFORDABLE DRUGS NOW™

Comments of

Patients For Affordable Drugs Now to

The Centers For Medicare & Medicaid Services on the

Implementation of the Medicare Prescription Drug Inflation Rebate Program under

The Inflation Reduction Act of 2022 9P.L. 1117-169

March 9, 2023

Patients For Affordable Drugs Now (P4ADNow) is pleased to offer these comments in support of effective, patient-centered implementation of the Medicare Prescription Drug Inflation Rebate Program guidance provided by the Centers for Medicare & Medicaid Services (CMS) as enacted in the Inflation Reduction Act of 2022.

P4ADNow is the only national patient advocacy organization exclusively focused on lowering prescription drug prices. P4ADNow is independent, nonpartisan, and does not accept funding from any organizations that profit from the development or distribution of prescription drugs.

P4ADNow applauds the timely and comprehensive work by CMS on implementation of the Medicare Prescription Drug Inflation Rebate program. According to the [Congressional Budget Office](#) (CBO), the benefits of this program will be far-reaching and will accrue to millions of patients, people on Medicare, and even to employers and employees in the commercial health care sector.

There are four areas that we will comment on specifically.

The Medicare Prescription Drug Inflation Rebate Program (MPDIRP) is monumental for patients on Medicare who will, for the first time, know the prices they pay will be limited to the rate of inflation. It reins in historically unrestrained price increases taken annually by drug companies at rates that far outpace inflation. Given that cost sharing in Medicare Parts B and D is typically based on list prices, this will directly reduce patients' out-of-pocket costs. According to the CBO, the MPDIRP literally bends the curve on pricing — in 2031, average net prices in Medicare [will](#) be two percent lower than they would have been without the new law. P4ADNow strongly supports CMS' swift implementation of this provision.

Medicare beneficiaries are protected from higher out-of-pocket costs even if the manufacturer chooses to raise the list price of a drug and to pay the penalty dictated by this provision. CMS' plan to base cost sharing on the inflation adjusted "list" price, notwithstanding behavior of the drugmaker, will provide meaningful savings to people on Medicare. It will insulate millions of older people and disabled people from annual price increases and provide predictability in their drug costs. CBO expects this provision will lead Medicare enrollees to increase their adherence to prescribed drugs, thereby improving health. The health benefits to people on Medicare are expected to lead to billions of dollars in savings in Medicare Parts A and B by preventing visits to doctors' offices and hospitalizations. In addition, starting on April 1, Part B beneficiaries will pay cost sharing based on inflation-adjusted prices instead of list prices, delivering an immediate benefit for many patients. Altogether, CBO says the MPDIRP program will [save](#) Part D enrollees about \$5 billion dollars through 2031. Reduced prices, improved health, and prevention of hospitalizations will greatly enrich the health and well being of our patient community.

The method of measurement of list price increases for the MPDIRP is expected to attenuate list prices in the commercial sector, which will reduce prices and premiums for employers and employees. This is an enormous and — until now — largely unrecognized benefit of the inflation rebate provisions. [According](#) to CBO, "*Commercial drug prices, and therefore health insurance premiums, will be lower than they would have been absent the policy.*" Lower premiums are expected to shift a portion of employees' compensation from health insurance to wages, putting more money in people's paychecks. Given that nearly [50 percent](#) of people in the United States get health coverage through their employer, this effect will provide significant savings for employers and more money for consumers. We strongly support the proposed method of calculation of list price increases as iterated in the law and urge CMS to protect this method throughout implementation so that the provisions can positively impact prices outside Medicare.

The Medicare Prescription Drug Inflation Rebate Program (MPDIRP) — together with other provisions in the Inflation Reduction Act (IRA) — can decrease health disparities. Black and Latino adults, women, people with lower incomes, and people with chronic conditions are [more likely](#) to experience difficulty affording prescription drugs. Additionally, Black Americans are more likely to suffer from [chronic pain](#), [diabetes](#), [high blood pressure](#), and other diseases that require expensive medications due to long-standing and pervasive systemic barriers. These realities underscore the importance of prompt, consumer-focused implementation of the Inflation Reduction Act in order to bring relief to communities disproportionately affected by high drug prices.

P4ADNow urges CMS to move forward with the MPDIRP program as proposed by its guidance and to ensure timely implementation that will benefit people in the U.S. who use prescription drugs.