

EPIC BENEFITS DRUG COMPANIES' PROFITS AT THE EXPENSE OF PATIENTS

In 2022, Congress passed a law that allows Medicare to negotiate drug prices for the first time in history, ensuring a better deal for seniors on Medicare and taxpayers. These savings will help fund a popular new out-of-pocket spending cap for everyone in Medicare prescription drug plans.

Under the Inflation Reduction Act (IRA), Medicare looks at prescription drug spending and chooses the most expensive drugs that meet certain criteria to have their prices lowered through negotiation. Drugs cannot be chosen until they have been on the market for a certain number of years. Small-molecule drugs, which are often taken orally as pills and make up 90% of drugs in circulation, are exempt from negotiation for at least nine years. For biologic drugs, which are typically injected or infused, the period is 13 years.

The pharmaceutical industry refers to this timing difference as “the pill penalty” and has been pushing Congress to undermine the historic Medicare negotiation program by passing the Ensuring Pathways to Innovative Cures (EPIC) Act to prevent Medicare-negotiated prices from becoming available for at least 13 years for both types of drugs, at a significant cost to patients and taxpayers.

1 in 3

Americans report difficulty affording their prescriptions

\$1.5B

savings for patients on first 10 drugs in 2026

62%

average list price reduction on the first 10 negotiated drugs

\$100B

taxpayer savings by 2031 because of Medicare negotiation

We don't need EPIC to protect innovation.

There is no meaningful evidence that the “pill penalty” disincentivizes research and development (R&D) for small-molecule drugs.

In fact, following the passage of the 2022 prescription drug law, mergers and acquisitions increased among companies developing small-molecule drugs.

Biologic drugs have had advantages over small-molecule drugs for decades.

Including a significantly longer FDA-granted monopoly period—yet small-molecule drugs have continued to play a dominant role in the market.

Medicare drug price negotiation is expected to have a negligible impact on drug companies' bottom lines.

According to S&P Global, the \$100 billion in savings over 10 years that's expected from Medicare drug price negotiation is equivalent to less than 1 percent of drug company revenues.

Taxpayers help fund pharmaceutical industry R&D and innovation.

The National Institutes of Health (NIH) is the largest public funder of biomedical research globally and contributed funding to over 99 percent of drugs approved between 2010 and 2019.

If parity within Medicare negotiation is necessary, patients should be prioritized over drug company profits.

Timelines for Medicare-negotiated drug prices to become available should be shortened, not lengthened.