



News Release

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FOR IMMEDIATE RELEASE

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Biden-Harris Administration to Make First Offer for Drug Price Negotiation Program, Launches New Resource Hub to Help People Access Lower-Cost Drugs

HHS also releases new research showing that the United States pays three times more for prescription drugs than other developed nations, and nearly ten times more for insulin than other developed nations

Today, the U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), is sending initial offers to the participating drug companies of the first 10 prescription drugs selected for negotiation in the first cycle of the Medicare Drug Price Negotiation Program. Thanks to the President's lower cost prescription drug law - the Inflation Reduction Act - Medicare now has the power to negotiate prescription drug prices directly with drug companies, similar to the U.S. Department of Veterans Affairs and other federal agencies that already negotiate drug prices. These initial offers represent the latest major milestone in implementing this historic law.

"Today is another milestone on the march to ensure people with Medicare get fair prices for prescription drugs. I am confident that this process will lead to lower prices, putting an end to exorbitant price gouging by pharmaceutical companies," said HHS Secretary Xavier Becerra. "From day one, the Biden-Harris Administration has been committed to lowering the cost of prescription drugs for the American people. Allowing Medicare to negotiate drug prices is just one tool we're using to lower prices thanks to the President's lower cost prescription drug law. From capping insulin at \$35 per month, to making drug companies pay a rebate for raising their prices faster than inflation, to capping out of pocket costs in Part D, we are delivering on that day-one promise."

"CMS is continuing to implement the Medicare Drug Price Negotiation Program with today's initial offers to the participating manufacturers. Throughout the negotiation process, CMS is dedicated to improving access to some of the most expensive drugs for people with Medicare while encouraging market competition and fostering innovation," said CMS Administrator Chiquita Brooks-LaSure. "Because of President Biden's Inflation Reduction Act, in 2024, people with Medicare prescription drug coverage who have very high drug costs will have their costs capped for the first time ever, which will be especially important for many of the people who take the 10 drugs selected for the first cycle of negotiations."

HHS announced the 10 initial drugs selected for the first cycle of Medicare drug price negotiation on August 29, 2023. On October 3, HHS announced that the drug companies of all 10 selected drugs agreed to participate in negotiations with Medicare. Today, those companies will receive the initial offer as part of the negotiation process. Negotiations will continue over the next several months, with negotiations ending by August 1, 2024. If a maximum fair price is agreed upon by the participating drug company and Medicare, those new prices will take effect in Medicare beginning in 2026.

Also today, HHS's Office of the Assistant Secretary for Planning and Evaluation (ASPE) released several reports detailing the cost comparison of prescription drugs in the United States and that of drugs in other Organisation for Economic Co-operation and Development (OECD) countries. Highlights from the reports include:

International Prescription Drug Price Comparisons:

- In 2022, U.S. prices across **all drugs** (brands and generics) were nearly three times as high as prices in 33 OECD comparison countries. For every dollar paid in other countries for drugs, consumers in the United States pay \$2.78. The gap is widening over time as U.S. drug prices grow faster than drug prices in other countries and the mix of drugs changes.

Comparing Insulin Prices:

- In 2022, U.S. prices for insulin products were nearly ten times as high as prices in 33 OECD comparison countries. Average gross prices in the United States were more than 10 times higher than prices in France and the United Kingdom; nearly nine times higher than prices in Italy; more than eight times higher than prices in Japan; about seven times higher than prices in Germany; and more than six times higher than prices in Canada.

Comparing New Prescription Drug Availability:

- The United States spends a higher and growing share of total drug spending on new drugs compared with other countries: 12.8 percent in the U.S. vs. 6.9 percent in comparison countries in 2022.
- Nearly 85 percent of new drugs sold in the U.S. were sold in the U.S. **either first or in the same quarter** they were introduced in other countries. Over half of new drugs are launched first in the U.S. **before** being launched in other countries, with an average lag of about one year between launch in the U.S. and launch in another country.

ASPE also released new research detailing how the Inflation Reduction Act expanded the financial protection available through the Low-income Subsidy (LIS) program, also known as "Extra Help," for Medicare beneficiaries enrolled in prescription drug coverage. Previously, the Extra Help program provided two levels of financial support to low-income seniors who met certain income and asset thresholds: a partial benefit, and a full benefit. The lower cost prescription drug law folded the partial benefit into the more generous Full LIS benefit beginning in 2024. Now, those Medicare enrollees who are eligible for the Extra Help program will no longer need to pay a deductible or premiums to

receive prescription drug coverage.

The new research found that:

- Had the Inflation Reduction Act's expansion of LIS benefits occurred in 2020, 461,000 Partial LIS enrollees would have Full LIS benefits, with Texas, Florida, and California having the largest increases in the number of Full LIS enrollees among states.
- In 2020, 3.6 million Medicare enrollees did not receive LIS benefits but were potentially eligible:
 - There were 2.9 million Medicare enrollees with Part D coverage and income and assets within either Full or Partial LIS range who had not taken up the LIS benefit.
 - Among Medicare enrollees with no prescription drug coverage in 2020, over 661,000 were estimated to be eligible for either Full or Partial LIS benefits based on income and assets.
- Additional, sustained funding for outreach and enrollment could extend Part D and LIS financial protections to 6.6 million additional Medicare enrollees who either lack prescription drug coverage altogether or are eligible but not enrolled in LIS.

The report also emphasizes a need for Congress to reauthorize expired funding for community outreach and education to reach the substantial number of eligible but not enrolled individuals in the Extra Help program. The Medicare Improvements for Patients and Providers Act (MIPPA) provides these critical funds for community-based outreach efforts.

HHS is working tirelessly to implement the historic prescription drug provisions of the Inflation Reduction Act and make sure more Americans can benefit from the lower health care costs that the law brings. Last year, people with Medicare started seeing savings in their prescription drug costs, including access to recommended vaccines with no cost sharing and covered insulin products capped at \$35 per month. Starting in 2024, some beneficiaries' out-of-pocket prescription drug costs will be capped at about \$3,500 per year. Additional savings arrive in 2025 when yearly Part D out-of-pocket costs will be capped at \$2,000.

To help more Americans understand and access these benefits, HHS today launched [LowerDrugCosts.gov](https://www.lowerdrugcosts.gov), a resource hub to ensure people with Medicare are aware of all the ways beneficiaries may see prescription drug savings thanks to the Inflation Reduction Act. The new website will house informational materials in plain language, including key messaging, fact sheets, toolkits, social media graphics, videos, and more. The user-friendly website will be a one-stop-shop for information related to the drug pricing provisions of the Inflation Reduction Act and the implementation process, and resources for Medicare enrollees and other interested parties.

LowerDrugCosts.gov will serve as a resource to improve understanding of how the Inflation Reduction Act may lower out-of-pocket drug costs for people with Medicare.

Some materials will be available in Spanish and select materials will later be available in additional languages commonly spoken among the Medicare population. Advocates can reach their communities by using these resources on social media, at in-person events, and in other programming to ensure that seniors and people with disabilities on Medicare can take advantage of lower cost prescription drugs now and in the future.

The Biden-Harris Administration is committed to ensuring that all people have access to plain language, accessible information they need to access health care services. HHS will continue to work with stakeholders to ensure that all seniors and people with disabilities with Medicare coverage are aware of these new benefits and how to take advantage of new savings.

The three HHS reports covering international drug price comparisons, “Comparing Prescription Drugs in the U.S. and Other Countries: Prices and Availability” is available at <https://aspe.hhs.gov/reports/comparing-prescription-drugs>

The HHS report, “Medicare Enrollees and the Part D Drug Benefit: Improving Financial Protection through the Low-Income Subsidy is available at <https://aspe.hhs.gov/reports/expanded-financial-protections-under-low-income-subsidy-program>

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