

# United States Senate

WASHINGTON, DC 20510

March 13, 2023

Chiquita Brooks-LaSure  
Administrator  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

Dear Administrator Brooks-LaSure,

The *Inflation Reduction Act* (IRA) includes landmark provisions that will lower the cost of prescription drugs for more than 60 million Americans with Medicare coverage. Several provisions have already taken effect – including a \$35 cap on the monthly out-of-pocket cost for insulin, \$0 copay for adult vaccines, and penalties on pharmaceutical manufacturers when they increase their prescription drug prices faster than the rate of inflation. We applaud the Centers for Medicare & Medicaid Services (CMS) for implementing these important provisions, including by releasing early guidance for the Medicare Part B and Part D inflation rebates. The rebates penalize manufacturers if they increase prices for Part B or Part D drugs faster than inflation.

The IRA further protects Medicare beneficiaries who take Part B drugs (such as physician administered infusions and injections used to treat cancer and rheumatoid arthritis) if manufacturers continue price increases at rates that outpace inflation by reducing coinsurance for Medicare beneficiaries taking these same medications. Specifically, if the price Medicare faces for a Part B drug<sup>[1]</sup> exceeds the amount that the drug would have cost if the manufacturer's price only increased by the rate of inflation, then beginning April 1, 2023, a beneficiary's coinsurance will be calculated based on 20 percent of the lower (inflation-adjusted) price. In other words, with implementation of the IRA's Part B coinsurance reduction, beneficiaries who depend on costly clinic-administered medications will experience lower cost sharing if drug price increases outpace inflation.

We strongly urge CMS to provide the following information quickly to help seniors in traditional Medicare and their families plan for lower cost-sharing on their Part B medications: (1) a list of the common names of Medicare Part B medications that will be subject to a coinsurance reduction on April 1, 2023; and (2) the percentage and amount of the coinsurance reduction for each Part B drug.

High Part B drug prices set by manufacturers place a heavy burden on Medicare beneficiaries, since patients pay 20 percent of the cost of these drugs. According to the Medicare Payment Advisory Commission (MedPAC), Medicare spent \$42 billion on Part B drugs in 2021 alone. Thus, when manufacturers increase Part B drug prices, out-of-pocket costs for seniors increase substantially as well. The IRA penalizes inflated drug prices and lowers Part B cost sharing to combat this financial burden.

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<sup>[1]</sup> The Medicare payment amount for a Part B drug is typically the Average Sales Price (ASP) plus a six percent add-on payment. This is the amount traditionally used to calculate the 20 percent coinsurance.


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Manufacturers can avoid the Medicare inflation penalty only if they reduce drug prices or slow price growth below the rate of inflation. Indeed, many manufacturers appear to be restraining their price increases since the IRA's enactment. For drugs that increased prices, average drug list price increases in January 2023 were 5.4 percent. Over the last ten years leading up to 2023, drug price increases averaged 8.4 percent.<sup>[2][2]</sup> Reduced drug prices and moderation in price growth will result in real savings for patients in Medicare and other types of health insurance as well as for patients who remain uninsured.

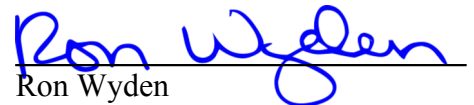
Thank you for your continued commitment to delivering the IRA's promise of lower Medicare prescription drug costs for seniors and people living with disability. We look forward to your timely response.

Sincerely,



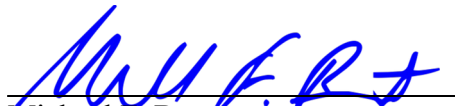
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Jon Tester  
United States Senator




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Ron Wyden  
United States Senator  
Chairman, Committee on Finance



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Michael F. Bennet  
United States Senator



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Amy Klobuchar  
United States Senator




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Sherrod Brown  
United States Senator




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Kirsten Gillibrand  
United States Senator



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Robert P. Casey, Jr.  
United States Senator



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Catherine Cortez Masto  
United States Senator

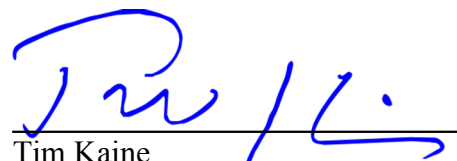
<sup>[2][2]</sup> 46brooklyn. "Brand Drug List Price Change Box Score. <https://www.46brooklyn.com/branddrug-boxscore>.

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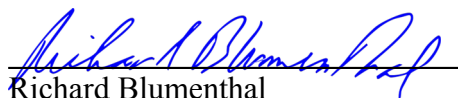
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Benjamin L. Cardin  
United States Senator



Tim Kaine  
United States Senator



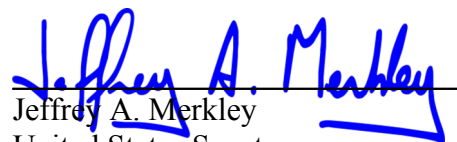
Richard Blumenthal  
United States Senator



Joe Manchin III  
United States Senator



Raphael Warnock  
United States Senator



Jeffrey A. Merkley  
United States Senator



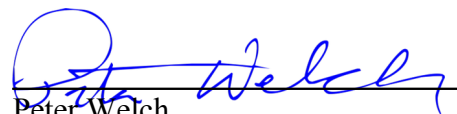
Tammy Baldwin  
United States Senator



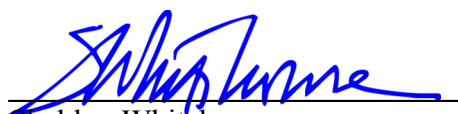
Mark R. Warner  
United States Senator



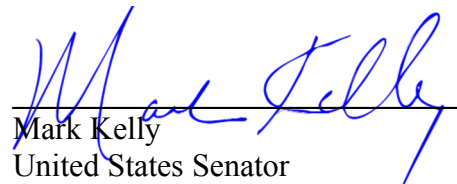
Thomas R. Carper  
United States Senator



Peter Welch  
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Sheldon Whitehouse  
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Patty Murray  
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