

# HOW THE INFLATION REDUCTION ACT LOWERS HEALTH CARE & PRESCRIPTION DRUG COSTS



U.S. Senator Gary Peters

The landmark *Inflation Reduction Act* that U.S. Senator Gary Peters helped the Senate pass and that President Biden signed into law in August 2022 takes significant steps to lower prescription drug and health care costs.

This delivers on Gary's fight to reduce prescription drug prices and the cost of quality health care for Michiganders. No one should have to worry about whether they can afford the health care or medicine they need. That is why the *Inflation Reduction Act* will reduce drug costs by finally giving Medicare the power to negotiate lower drug prices for seniors. Seniors on Medicare will pay no more than \$35 per month for insulin, which will result in significant savings for patients. This law also extends an important health care program to make coverage more affordable through the ACA.

## LOWERING PRESCRIPTION DRUG COSTS:

- **Expand Medicare Benefits:** The law will take significant steps to strengthen Medicare benefits for millions of older Americans, including the more than 2 million Michiganders enrolled in the program.
  - **Limit monthly cost for insulin:** Starting in January 2023, seniors on Medicare will pay no more than \$35 per month for insulin. This delivers on legislation that Gary has championed to limit monthly co-pays for insulin; and
  - **Cap Medicare out-of-pocket costs at \$2,000 per year:** Today, there is no cap on what seniors must pay for prescription drugs, impacting approximately 1.7 million Michiganders with Medicare Part D coverage. Starting in January 2025, Medicare patients' out of pocket costs will be capped at \$2,000 per year. Seniors on Medicare will have the option to break that amount into monthly payments. Each year, this is estimated to benefit 37,000 Michiganders on Medicare who would otherwise have out-of-pocket costs above that cap. This will ensure that devastating diagnoses, like cancer, will never again mean paying tens of thousands out of pocket for just one drug.

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- **Allows Medicare to negotiate the price of prescription drugs:** Currently, the U.S. drug pricing system works for wealthy pharmaceutical companies and middlemen, not patients. The law will ensure that patients on Medicare get the best deal possible on high-priced drugs and help lower monthly payments for medication. Starting in 2026, the federal government will implement the lower negotiated prices for 10 of the most expensive, top-selling drugs covered under Medicare. By 2030, more than 80 drugs will be eligible for price negotiation. Gary has long supported and pushed for Medicare to be able to negotiate drug prices to lower costs for consumers.
- **Stabilize Part D premiums for seniors in Medicare:** The law limits Medicare Part D premiums, ensuring seniors and people with disabilities will never see their premiums increase more than 6% from year to year through 2029.
- **Expand premium and co-pay assistance on prescription drugs for low-income individuals:** Americans with incomes between 135 percent and 150 percent of the federal poverty level (\$18,347 to \$20,385 for a single person) will receive more assistance with premiums, deductibles, and cost-sharing, starting in 2024.

## LOWERING HEALTH CARE COSTS

- **Provide free vaccines for seniors:** Starting in January 2023, Medicare will fully cover all vaccines for seniors, the only population for which vaccines were not already free.
- **Extend ACA Premium Assistance:** The law provides a three-year extension (through 2025) on the enhanced premium subsidies for people buying their own health coverage on the ACA Marketplace. This will save the average Michigander around \$800/year in health care costs. This extends a provision that Gary helped pass as part of the American Rescue Plan that was signed into law in March 2021 to help make health care more affordable and accessible.