



Senator Stabenow Stands Up to Drug Companies and Wins Major Reforms to Lower Prescription Drug Prices for Americans on Medicare

Medicare to negotiate drug prices for the first time ever

Medicare recipients protected by new \$2000 out-of-pocket drug cap

[History of Medicare Prescription Drug Benefit](#)

In 2003, Congress passed a new Medicare prescription drug benefit called Medicare Part D. At the time, drug companies successfully lobbied to include an unprecedented restriction prohibiting Medicare from negotiating lower prices for prescription drugs. This restriction was included in the legislation despite the fact that the Veterans Administration already had the power to negotiate lower drug prices on behalf of our veterans. As a result, the Veterans Administration pays 40 percent less than Medicare for the same drugs.

The drug companies have continued their stranglehold on Republican members in Congress, and year after year have been emboldened to raise prices to unconscionable levels, raking in record profits and charging Americans the highest prices for prescription drugs in the world. To add insult to injury, taxpayers provide billions in support for the basic research that brings the new drugs they profit from to market.

[Passage of the Inflation Reduction Act of 2022](#)

One of the highest priorities of Senator Stabenow continues to be the lowering of prescription drug costs. With the support of the Biden Administration, she and her Democratic colleagues have stood up to the powerful drug lobby and passed major reforms to bring down the cost of prescription drugs.

As Chairwoman of the Senate Finance Subcommittee on Health Care, Senator Stabenow was instrumental in the passage of the Democratic Inflation Reduction Act of 2022 which passed the Senate on August 7, 2022. The legislation is expected to pass the House and be signed by the President in the coming weeks. Seniors and disabled Americans on Medicare will benefit as Medicare begins to negotiate prices and other protections take effect.

Major Reforms Will Lower Drug Prices for Americans on Medicare

The bill lowers prescription drug prices by:

- **Requiring Medicare to negotiate prescription drug prices** on some of the most expensive and widely-used drugs. Medicare is required to begin the process of negotiating next year, with lower prices beginning to take effect in 2026. Medicare will negotiate lower costs of 10 drugs in 2026, 15 more in both 2027 and 2028, and 20 additional drugs each year going forward. These savings will be passed on to Americans through lower co-pays and co-insurance.
- **Capping Medicare beneficiaries' out-of-pocket costs at \$2,000 a year.** Currently, there is no cap on an individual's out-of-pocket costs. Seniors with serious health conditions who are prescribed high-cost drugs can be held personally responsible for thousands of dollars in drug costs.
- **Penalizing drug companies for price hikes under Medicare that exceed the rate of inflation** by requiring drug companies to pay the Medicare program for excess increases.
- **Making all vaccines free to Medicare recipients**, including the shingles vaccine, which currently costs \$190 for seniors not enrolled in Medicare Part D.
- **Allowing Medicare recipients to spread the cost of expensive prescriptions over monthly payments**, before hitting their \$2000 out-of-pocket maximum.
- **Providing additional copay and premium assistance to low- income seniors** now excluded from full benefits who are living at 135% to 150% of the poverty level.
- **Capping the out-of-pocket price of insulin for patients on Medicare to \$35 per month.** One in every three Medicare beneficiaries has diabetes, according to the Department of Health and Human Services.

These reforms are long overdue, will save taxpayers more than \$200 billion over the next decade, and will have major impact in lowering the cost of prescription drugs. While we have turned the corner on addressing these outrageous prices, Senator Stabenow will continue to push for additional reforms to reign in health care costs and hold the drug companies accountable.