

Medicare will save U.S. billions negotiating drug prices

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The U.S. government could save billions every year once Medicare

begins negotiating drug prices in 2026, new research suggests.

The [Inflation Reduction Act](#) passed by Congress last year allows Medicare to bargain with [drug companies](#) on the prices of 10 of the highest-priced drugs in 2026 before adding 15 more in 2027, 15 more in 2028 and 20 more each year after that.

If that had happened in 2018, 2019 and 2020 for 40 drugs, it would have saved the U.S. \$26.5 billion, about 5% of all [drug spending](#), according to researchers from Brigham and Women's Hospital and Harvard Medical School in Boston.

"That's a pretty sizable reduction in spending from a very small number of drugs," study author [Dr. Benjamin Rome](#), a primary care physician at Brigham and Women's Hospital and an instructor at Harvard Medical School, told *NBC News*.

But [experts](#) noted that drug companies could try to undermine the impact of the law.

"Drug companies are likely to fight mightily against the interpretation of each provision so that the hammer does not fall on their drugs," said [Robin Feldman](#), a pharmaceutical and intellectual property law expert at the University of California College of the Law, San Francisco, told *NBC News*.

The study "shows what is possible," Feldman said.

The government will be able to negotiate the prices of drugs that have been on the market for nine years and for biologics that have been available for 13 years if there are no generics or other comparable alternatives, *NBC News* reported.

Drug companies may try to hold onto profits by allowing a select few manufacturers to make generic versions of their drugs, Rome said. They could also do something called "evergreening," in which they reintroduce their [drug](#) after making incremental changes.

"I don't think anyone would be surprised to find the industry pushing back," said [Tricia Neuman](#), a Medicare expert with KFF, told *NBC News*.

The negotiations should provide "very, very steep discounts," Rome added.

The study was published Jan. 27 in *JAMA Health Forum*.

More information: Benjamin N. Rome et al, Simulated Medicare Drug Price Negotiation Under the Inflation Reduction Act of 2022, *JAMA Health Forum* (2023). [DOI: 10.1001/jamahealthforum.2022.5218](https://doi.org/10.1001/jamahealthforum.2022.5218)

The Congressional Budget Process has more on [prescription drug prices](#).

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