

Heart, diabetes, cancer drugs on list for Medicare price negotiations, White House says

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The Biden administration on Tuesday named the first 10 medicines that will be subject to price negotiations between Medicare and participating drug companies.

The list represents the first step in a landmark program aimed at reducing the government's [drug](#) spending, and potentially U.S. drug prices in general. However, six major [drug companies](#) are already challenging the program in court.

"For far too long, [pharmaceutical companies](#) have made record profits while American families were saddled with record prices and unable to afford lifesaving prescription drugs," U.S. Department of Health and Human Services (HHS) Secretary [Xavier Becerra](#) said in an agency [news release](#) announcing the list.

"Although drug companies are attempting to block Medicare from being able to negotiate for better drug prices, we will not be deterred. The Biden-Harris administration will continue working to ensure that Americans with Medicare have access to innovative, lifesaving treatments at lower costs," Becerra added.

Millions of older Americans take these drugs, and enrollees of Medicare's prescription drug program paid a total of \$3.4 billion in out-of-pocket costs in 2022 for them, the HHS noted.

The drugs include:

- Eliquis, a blood thinner produced by Bristol Myers Squibb and Pfizer
- Jardiance, a type 2 diabetes medicine from Boehringer Ingelheim and Eli Lilly
- Xarelto, a blood thinner from Johnson & Johnson
- Januvia, a type 2 diabetes drug from Merck

- Farxiga, a type 2 diabetes drug produced by AstraZeneca
- Entresto, a heart failure medication from Novartis
- Enbrel, a drug for autoimmune conditions like arthritis and psoriasis, from Amgen
- Imbruvica, a blood cancer medication, from AbbVie and Johnson & Johnson
- Stelara, a monoclonal antibody treatment for autoimmune conditions like Crohn's disease, psoriasis and arthritis, from Johnson & Johnson
- Fiasp and NovoLog insulin products for diabetes, produced by Novo Nordisk

The Inflation Reduction Act of 2022 gave the federal government the explicit power to negotiate Medicare drug prices with pharmaceutical companies.

Reaction to the news of the list of medications was swift.

"This is a landmark day! Medicare has set the price for 10 drugs, sounding the alarm for drug companies," [Nick Fabrizio](#), a senior lecturer in [health policy](#) at Cornell University, said in a statement. "It could target 60 drugs by 2030... Call it negotiation or price control, but the government has just furthered on its promise to lower health care costs for all Americans."

But he offered up some caveats.

"Capping the cost of insulin for Medicare enrollees at \$35 per month was the first shot across the bow," he said. "Now the government looks to specific drugs that will have a greater impact on controlling costs. The implementation of these policy changes will take time to realize and are sure to be challenged in court, so we will have to see how much is saved and by when."

The listed drugs were selected by the U.S. Centers for Medicare & Medicaid Services (CMS) because they account for the highest Medicare spending and have been on the market for years, but do not face price competition from rivals, HHS said in a fact sheet.

All told, the selected drugs represent more than \$50 billion in Medicare prescription drug costs, about 20% of total Part D drug costs from June 2022 through May 2023.

The most commonly used drugs on the list are Eliquis, with a total of 3.5 million enrollees taking the drug in 2022; Jardiance, with 1.3 million prescriptions; and Xarelto, with 1.3 million prescriptions.

Annual out-of-pocket costs per enrollee taking these drugs ranged from a high of \$5,247 for Imbruvica to a low of \$121 for NovoLog in 2022, the HHS said.

The average costs are even worse for enrollees who don't receive financial assistance, ranging from a high of \$6,497 annually for Imbruvica to a low of \$261 for NovoLog.

Negotiations between the [federal government](#) and drug companies will take place in 2023 and 2024, with the new prices set to take effect in 2026.

In future years, CMS will select up to 15 more drugs for negotiation for 2027, up to another 15 drugs for 2028, and as many as 20 more drugs for each year after that.

The ability to negotiate these drug prices is projected to save the government an estimated \$98.5 billion over a decade, *The New York Times* reported.

Drug makers now have until Oct. 1 to declare whether they will participate in negotiations with the government.

Shortly after the list was announced, PhRMA released a statement condemning the move.

"Today's announcement is the result of a rushed process focused on short-term political gain rather than what is best for patients. Many of the medicines selected for price setting already have significant rebates and discounts due to the robust private market negotiation that occurs in the Part D program today," said Pharmaceutical Research and Manufacturers of America (PhRMA) president and CEO [Stephen Ubl](#).

"Giving a single government agency the power to arbitrarily set the price of medicines with little accountability, oversight or input from patients and their doctors will have significant negative consequences long after this administration is gone," Ubl added.

Companies that decline to negotiate on pricing must either pay a large excise tax or withdraw all of their products from both Medicare and Medicaid, the *Times* reported.

Six pharmaceutical manufacturers are already suing the Biden administration in an attempt to block the Medicare negotiation program, according to the *Times*. These include Astellas Pharma, AstraZeneca, Boehringer Ingelheim, Bristol Myers Squibb, Johnson & Johnson and Merck.

More information: The U.S. Department of Health and Human Services has more about [Medicare drug price negotiation](#).

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