

US govt sends drugmakers initial offers in price talks

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The US government said it was making initial offers to drugmakers Thursday as part of Medicare negotiations meant to lower the prices many older Americans would pay for 10 medicines.

The move comes as President Joe Biden pushes to rein in health care costs ahead of November's election.

The negotiation program came on the back of Biden's landmark Inflation Reduction Act, a major package of energy transition policy and social reforms.

This allowed Medicare, the federal health insurance for seniors, to start negotiating drug costs—a first in its nearly 60-year existence.

"This is the first time ever that Medicare is not accepting the drug prices the pharmaceutical companies set," the White House said in a statement on Thursday.

It did not reveal how much it offered for each drug.

A Johnson & Johnson spokesperson told AFP the company has received an initial price from the government but said it was "respecting the confidential nature of the process."

Last October, major drugmakers behind 10 selected medicines for serious illnesses grudgingly agreed to negotiate on cutting prices.

But pharmaceutical companies have pushed back against the initiative, earlier saying that they came on board as they had no choice.

While the US government is initially limited to picking 10 drugs for price talks, it can expand the program in subsequent years.

The drugs include Farxiga by AstraZeneca used against diabetes, Entresto by Novartis to treat heart failure, as well as anticoagulant Eliquis—used by millions of Medicare beneficiaries.

According to the White House, nine million seniors on Medicare were prescribed the 10 drugs in 2022, spending some \$3.4 billion out-of-pocket that year.

The statement also took aim at Big Pharma, which the White House said "charged Americans two to three times more" than in other countries, even when accounting for rebates and discounts.

Biden, who is campaigning for reelection with a large focus on easing voters' financial burdens, said in a separate statement: "My Administration won't stop fighting to lower health care costs for seniors and families."

New negotiated prices for the 10 prescription drugs are set to be announced later this year.

Medicare is expected to negotiate prices for up to 60 drugs over the next four years, and up to an additional 20 drugs each year after that.

Several companies have taken legal action challenging the provisions.

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