

New deals will cut medicare costs for expensive drugs

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The Biden administration said Thursday that it has signed deals with drug companies that will lower the prices on 10 of the most popular and expensive drugs used by American seniors.

Taxpayers should save \$6 billion because of the new [prices](#), while seniors using Medicare could save roughly \$1.5 billion on their medications, the U.S. Centers for Medicare and Medicaid Services said in a [news release](#) announcing the new prices.

Those negotiated prices should lower the cost of drugs used by millions of older Americans to help manage diabetes, blood cancers and to prevent heart failure or [blood clots](#).

The medications affected include the blood thinners Xarelto and Eliquis and the diabetes drugs Jardiance and Januvia. Medicare [spent](#) \$50 billion covering those medications last year.

For decades, the federal government had been barred from negotiating with [pharmaceutical companies](#) over the prices of their drugs, even though it's a routine process for [insurance companies](#).

"This meant that drug companies could basically charge whatever they want for lifesaving treatments people rely on, and all Americans paid the price," White House adviser Neera Tanden told reporters in a Wednesday night call, the Associated Press reported.

But in 2022, the Inflation Reduction Act changed all that, overhauling several Medicare prescription drug regulations and allowing price negotiations to take place.

Vice President Kamala Harris, who cast the tie-breaking vote to pass that law, will join President Joe Biden on Thursday to announce the new drug prices, the AP reported. The negotiated prices won't go into effect until 2026.

The pharmaceutical industry took a dim view of the new prices.

"The administration is using the IRA's [Inflation Reduction Act] price-setting scheme to drive political headlines, but patients will be disappointed when they find out what it means for them," Steve Ubl, president and CEO of Pharmaceutical Research and Manufacturers of America (PhRMA), said in a statement released Wednesday.

"There are no assurances patients will see lower out-of-pocket costs, because the law did nothing to rein in abuses by insurance companies and PBMs [pharmacy benefit managers] who ultimately decide what medicines are covered and what patients pay at the pharmacy."

Not only that, but "as a result of the IRA, there are fewer Part D plans to choose from and premiums are going up," Ubl added. "Meanwhile, insurers and PBMs are covering fewer medicines and say they intend to impose further coverage restrictions as the price-setting scheme is implemented."

More information: Medicare has more on ways for seniors to get help with [paying for prescription drugs](#).

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