



# Lowering the Price of Prescription Drugs

Americans pay the highest prices for prescription drugs in the world. Older and retired Americans, who take the most medications to stay healthy and often live on fixed incomes, bear the brunt of this crisis.

One in four people over the age of 65 report not taking one or more prescription drugs as prescribed due to their cost. Meanwhile pharmaceutical corporations are making record profits, lining the pockets of its executives and shareholders while patients struggle to afford the drugs they need to stay healthy.

Many bills in Congress have been introduced to address this crisis. In November 2021 the House of Representatives passed H.R. 5376, which allows the Department of Health and Human Services to negotiate lower drug prices for people covered by Medicare and private insurance; caps out-of-pocket Medicare prescription drug costs at \$2,000 and places a cap on the price of insulin at \$35 per month.

Additionally, the House passed H.R. 6833 in March 2022. This legislation, which enacts a critical drug pricing reform that caps monthly insulin prices at \$35 or 25% of a plan's negotiated price (if less than \$35), was introduced to counteract the extraordinarily high prices that drug corporations are charging diabetics for insulin and other diabetic treatments.

Both bills are awaiting action by the U.S. Senate.

## Alliance for Retired Americans Position

The Alliance for Retired Americans supports comprehensive action to lower the price of prescription drugs, including:

### Medicare Drug Price Negotiation

The Secretary of Health and Human Services must have the power to negotiate the prices of the most expensive drugs, including insulin, with drug corporations.

The Alliance also supports making the negotiated price available to all payers, thus allowing workers covered by employer-sponsored health care plans to also benefit from the lower prices.

### **Capping the Price of Insulin at \$35 per Month**

The first commercially available insulin product was produced to treat diabetes in 1923. Today, more than 8 million Americans use insulin to control their diabetes at an annual per capita cost in the United States of just under \$6,000 per year per patient. The Alliance supports efforts in Congress to drastically reduce insulin costs.

### **Capping Out-of-Pocket Drug Spending for Medicare Beneficiaries to \$2,000 Per Year**

Currently, there is no cap on out-of-pocket drug spending by Medicare beneficiaries. Out-of-pocket spending continues to escalate each year, particularly for specialty drugs -- high-cost prescription medications used to treat complex, chronic conditions like rheumatoid arthritis, multiple sclerosis, and cancer.

According to the Kaiser Family Foundation, the average out-of-pocket spending for 28 of 30 specialty drugs is \$8,109 per year. The Alliance supports capping drug price increases in Medicare Parts B and D and limiting out-of-pocket costs for Medicare beneficiaries to \$2,000 per year.

### **Limiting Prices to International Drug Index**

Americans pay the highest prices in the world for prescription drugs. According to a March 29, 2021 report by the Government Accountability Office (GAO), in 2020 Americans paid two to four times more for 20 brand-named drugs than people in Canada, France and Australia.

We must bring drug prices in the United States more in line with those in other industrialized nations.

### **Implementing an Excise Tax on Drug Corporation Profits**

Drug corporations that refuse to negotiate or those that do not comply with agreed upon pricing following negotiations should be subject to a 65% to 95% excise tax on their gross sales.

### **Limiting Increase in Drug Prices under Medicare Part B and D**

We must limit the increase in drug prices under Medicare Parts B and D to the cost of inflation.