

PROTECT OUR CARE

FACT SHEET: What The Inflation Reduction Act Does For American Health Care

President Biden and Congressional Democrats have fought tirelessly to pass the historic health care investments included in the Inflation Reduction Act. This historic legislation will drastically reduce the cost of prescription drugs by reining in Big Pharma and slash costs for millions of Americans purchasing coverage on their own through the ACA marketplaces. Not only does this bill address our most pressing health care challenges, it also puts downward pressure on rising costs and is [backed](#) by more than 120 world renowned economists.

Health care lies at the heart of the Inflation Reduction Act, and the proposals to reduce costs and expand care are overwhelmingly popular with voters across the political spectrum. The Inflation Reduction Act will reduce racial inequities in health care, improve the health and well-being of seniors and people with disabilities, strengthen families, and save lives.

By The Numbers:

- **49 million** Medicare Part D beneficiaries will have out of pocket costs for prescription drugs capped at \$2,000 per year.
- **80 prescription drugs** will have Medicare price negotiation by 2030.
- **\$35 insulin copays** for Americans on Medicare with diabetes.
- **13 million** Americans will save on their health insurance premiums.
- **\$2,4000** in average annual savings on health insurance premiums.

The Inflation Reduction Act Lowers Prescription Drug Prices

Gives Medicare The Power To Negotiate Lower Drug Prices. For nearly 20 years, Medicare has been banned from negotiating the price of prescription drugs for seniors, and Big Pharma has been able to dictate prices while Americans pay three times more for their medications than people in other countries. Under the Inflation Reduction Act, Medicare will be empowered to negotiate prices for select drugs for Medicare Part D's [49 million](#) beneficiaries. Beginning in 2026, [10 drugs](#) will be negotiated with that number increasing to 15 drugs in 2027, and 20 drugs in 2029 and into the future. By 2030, more than 80 drugs will be eligible for Medicare price negotiation, in addition to insulin products.

Caps Out-Of-Pocket Spending For Seniors. Seniors with serious conditions like cancer, multiple sclerosis, and rheumatoid arthritis could save thousands of dollars on prescriptions

under the Inflation Reduction Act, which will help the more than [1.4 million](#) Medicare enrollees who paid more than \$2,000 in out-of-pocket costs in 2020. Medicare Part D out-of-pocket costs for prescription drugs will be capped at [\\$2,000](#) per year beginning in 2025. The bill will also allow out-of-pocket spending to be smoothed over the course of the year beginning in 2025, so patients are not forced to pay the entirety of their out-of-pocket cost all at one time.

Makes Insulin Accessible And Affordable. Insulin copays for Americans on Medicare will also be capped at [\\$35](#) each month.

Puts An End To Outrageous Price Increases. The Inflation Reduction Act stops Big Pharma from raising Medicare drug prices faster than the rate of [inflation](#) beginning in 2023. For example, Humira, a medication commonly used to treat rheumatoid arthritis, is one of the nation's highest revenue generating drugs, raking in \$21 billion in sales in 2019. AbbVie, Humira's manufacturer, has hiked the price of Humira [27 times](#), including in January 2021 when it raised its cost by [7.4 percent](#). Over the [past 20 years](#), price increases for brand-name drugs in Medicare Part D have risen at more than twice the rate of inflation.

The Inflation Reduction Act Lowers Health Insurance Premiums

Lowers Health Insurance Premiums for Millions of Americans. A record breaking 14.5 million Americans enrolled in an ACA marketplace plan in 2021. Right now, [nearly 13 million](#) people, or 89 percent with an ACA plan, are receiving enhanced premium tax credits, making their coverage affordable and accessible. The Inflation Reduction Act will save the average American family [\\$2,400](#) a year.

Caps the Amount of Money Families Pay for Health Insurance. The Inflation Reduction Act ensures families pay no more than [8.5 percent](#) of their income towards coverage. This will [help middle and working class families](#) facing excessive premiums or living in high-premium areas. Before the American Rescue Plan, middle class families spent an average of [15 percent](#) of their incomes on health insurance. The subsidies are designed to benefit those who need it most, and they are already means tested, which means the higher your income, the smaller your tax credits become. A family whose health insurance premiums alone — not including deductibles — are less than 8.5 percent of their income receive no tax credits at all.

Addresses Health Care Equity By Expanding Coverage for Communities of Color. The Center on Budget Policy and Priorities estimates the increased savings continued under the Inflation Reduction Act will cause a sharp decline in the uninsured rate across every racial group, with [one in three](#) uninsured Black adults gaining coverage. Prior to the American Rescue Plan, more than 11 million uninsured adults were eligible for premium tax credits, with people of color making up roughly half of the group. The premium savings provided in the American Rescue Plan have made more than [65 percent](#) of uninsured Black adults eligible for zero dollar premium plans and [75 percent](#) eligible for plans less than \$50 a month. For uninsured Hispanic and Latino adults, now more than [68 percent](#) are eligible for zero dollar premium plans and

nearly [80 percent](#) can access plans for less than \$50 a month. Health coverage access is imperative to reducing racial disparities in health coverage across the nation.

Eliminates Premiums For Low-Wage Workers. The Inflation Reduction Act ensures no American with an income at or below [150 percent](#) of the federal poverty level buying their coverage on the Marketplace will pay a premium.

Cuts Costs For Rural America. Thanks to the provisions in the Inflation Reduction Act, roughly [65 percent](#) of rural Americans will have access to zero dollar premium health coverage and more than [76 percent](#) will be able to find a plan for less than \$50 a month, narrowing the coverage differences between rural and urban America.