

FACT SHEET: The Inflation Reduction Act Delivers Lower Prescription Drug Prices

The Inflation Reduction Act of 2022 is a historic piece of legislation that brings down prescription drug prices so people can afford the medicines they need. The law empowers Medicare to negotiate lower drug prices, ensures no senior pays more than \$2,000 a year for their prescriptions, and protects Medicare beneficiaries from egregious price increases for the drugs they need to survive.

For 20 years, big drug companies were able to dictate the price that Americans pay for prescription drugs. That status-quo is over with the passage of the Inflation Reduction Act. Reining in Big Pharma's greed reduces racial inequities in health care, improves the health and well-being of seniors and people with disabilities, strengthens families, and saves lives.

How The Inflation Reduction Act Drives Down Drug Prices For Patients:

Medicare Has The Power To Negotiate Lower Drug Prices. Under the Inflation Reduction Act, Medicare is 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.

Out-Of-Pocket Spending For Seniors Is Capped. Seniors with serious conditions like cancer, multiple sclerosis, and rheumatoid arthritis have received a lifeline in the Inflation Reduction Act. Medicare Part D out-of-pocket costs for prescription drugs will be capped at [\\$2,000](#) per year beginning in 2025. The law also allows 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.

Insulin Copays Are Capped. Insulin copays for Medicare beneficiaries will also be capped at [\\$35](#) each month beginning in 2023.

Outrageous Medicare Drug Price Increases Are Checked. 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](#). This cap applies to Americans on Medicare and is essential to stop arbitrary price increases on essential medications. 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.