



November 2023

Lowering Health Care Costs for Latinos:

How the Inflation Reduction Act Makes Coverage
and Prescription Drugs More Affordable

PROTECT
OUR CARE

UNIDOSUS
ACTION FUND

Thanks to the Inflation Reduction Act, championed by President Biden and Democrats in Congress, health care and prescription drugs are becoming more affordable for more people in the United States. For Latinos¹ in particular, these lower costs are translating to better access to care for people who have historically been marginalized and faced difficulty receiving the care they need.



Historically, Latinos have faced barriers to achieving and maintaining optimal health. Research shows that Latinos are more reliant on high-cost prescriptions than their non-Hispanic counterparts and are more likely to suffer from diseases like diabetes and arthritis – adding to the life-threatening challenge that the high cost burden of prescription drugs poses for many seniors. Latinos are also more likely to report difficulty affording prescription medications and are among the most likely to experience affordability challenges. A 2021 Unidos US Action Fund report [found](#) that four in five Latinos worried about being able to afford a prescription drug if they got sick; half reported knowing someone whose health suffered because they could not afford a prescription drug they need. As solutions to the challenges faced by Latinos, the report called for expanding and protecting the Affordable Care Act, giving Medicare the power to negotiate lower drug prices, and capping the cost of insulin.

The Biden-Harris administration, consistent with their [commitment](#) to advancing racial equity for underserved communities, is implementing the Inflation Reduction Act (IRA), which includes a number of programs that lower health care premiums and prescription drug costs. Thanks to the IRA, Latinos enrolled in Medicare benefit from low-cost insulin, no-cost recommended vaccines, rebates for drugs with prices rising faster than inflation, and Extra Help for seniors with incomes below \$22,000. Meanwhile, record numbers of Latinos have enrolled in low- or no-cost Affordable Care Act Marketplace plans made more affordable by enhanced tax credits that lower premiums. In the coming years, millions more seniors will benefit from a cap on out-of-pocket prescription drug costs and lower drug prices negotiated through Medicare. These policies lower costs and improve access to care, which are essential for improving the health and well-being of Latinos nationwide.

¹ “Hispanic” and “Latino” are Census-designated terms used interchangeably by the Bureau in reference to people (of any gender) of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent.



The Problem: Latinos Face Disproportionately High Adverse Health Outcomes

- Latinos are among the [most vulnerable](#) to needing high-cost prescriptions.
- Latino seniors are [1.5 to 2 times](#) more likely to report difficulty affording prescription medications than their non-Hispanic White counterparts.
- Latino seniors are among the [least likely](#) of any racial/ethnic group to have ever received a shingles vaccine compared to their non-Hispanic White, Black, and Asian counterparts.
- Latinos are [70 percent](#) more likely to be diagnosed with diabetes and [1.3 times](#) more likely to die from diabetes when compared to their non-Hispanic White counterparts.
- Latinos are [twice as likely](#) to be hospitalized for treatment of end-stage renal disease related to diabetes compared to their non-Hispanic White counterparts.
- Latinos are more likely to have [higher levels](#) of disability-related diabetes (3.2%) and hypertension (2.7%) compared to their non-Hispanic White counterparts.
- Latinos are among the [most likely](#) to have activity limitations due to arthritis of any racial/ethnic group.

Latino seniors are also the [most likely](#) to experience affordability challenges of any racial/ethnic group in America. The median income for Latino Medicare beneficiaries was [just \\$13,650](#) in 2019 – less than half of the overall median income for Medicare enrollees – and about [68 percent](#) of Medicare-eligible Latino adults have family incomes below 200 percent of the Federal Poverty Level compared to [just 39 percent](#) of their non-Hispanic White counterparts (who also have about [twelve times higher](#) median per capita savings readily available than Latino Medicare beneficiaries).



The Promise: The Inflation Reduction Act Lowers Health Care Costs for Latinos in Seven Key Ways:

1. Caps Monthly Insulin Costs at \$35 for Medicare Enrollees.

Starting in 2023, the new law capped monthly insulin copays for people on Medicare at [\\$35](#), which helps approximately 131,000 Latino Medicare enrollees [save](#) approximately \$500 annually. Before the IRA, [more than a third](#) of insulin fills for Medicare enrollees required patients to pay more than \$35 out-of-pocket per month, and nearly a quarter of insulin fills [exceeded \\$70 in cost-sharing](#). Latino Medicare beneficiaries also have [among the lowest median incomes](#) and face a higher risk of skipping, rationing, or delaying insulin doses.

2. Provides Seniors Recommended Vaccines at No Cost.

The new law eliminated cost-sharing for recommended vaccines covered under Medicare Part D, which [4.7 million Latinos](#) are enrolled in. This critical change helps [address affordability barriers](#) for many Latino Medicare beneficiaries. If the new vaccine provisions had been in effect in 2021, [about 245,000](#) Latino enrollees would not have had any out-of-pocket costs for getting vaccinated. Improved affordability may also reduce existing racial and ethnic disparities in access to these vaccines, and vaccinations are particularly important for this group because seniors can be [more susceptible to infectious diseases](#) due to natural changes in the immune system that come with aging.



3. Gives Seniors Rebates for Prescription Costs That Increase More Than Inflation.

The new law requires drug companies to pay Medicare [rebates](#) if their drug prices rise faster than inflation, and those rebates are passed on as savings to seniors. For decades, big drug companies have been launching new drugs at sky-high prices and [continuously raising prices faster than inflation](#), hurting the individuals reliant on them all while making [record profits](#). An analysis by the Kaiser Family Foundation showed that [half of all drugs](#) covered by Medicare had list price increases exceeding the rate of inflation in 2020 – and [existing racial and ethnic economic disparities](#) place additional pressures on Latinos and make it even more challenging to keep up with drug prices rising faster than inflation.

4. Improves Extra Help Low-Income Subsidy (LIS) Program.

Starting next year, the new law [will expand eligibility](#) for the low-income subsidy (LIS) program up to 150 percent of the federal poverty level, saving eligible enrollees [an annual average of \\$300](#) in out-of-pocket costs. The LIS program, which saves beneficiaries an estimated average of [\\$5,300 a year](#), disproportionately serves Latino beneficiaries. Nearly 21 percent of those eligible for or enrolled in the subsidy program (approximately [2.9 million](#)) are Latino (overall, Latinos make up [less than 10 percent](#) of all Medicare beneficiaries). This expansion will extend full LIS benefits – including deductible-free, premium-free care with low, fixed copayments for covered Part D medications – to an [estimated additional 38,000](#) Latino Medicare enrollees previously receiving partial benefits.

5. Limits Out-of-Pocket Spending to \$2,000.

Starting in 2025, the new law imposes a maximum out-of-pocket cap of \$2,000 in drug spending. High prescription drug prices [disproportionately impact Latinos](#). Out-of-pocket drug spending is highest for those who rely on high-cost treatments for serious health conditions; Latino Medicare enrollees tend to [face higher rates](#) of certain types of cancer, hypertension, and diabetes, and will benefit from these provisions. According to HHS projects, the out-of-pocket cap could save Latino enrollees an [average of 33 percent](#) in out-of-pocket costs, which amounts to savings of approximately \$88 annually for each enrollee. Thanks to the IRA, Latinos could see the second [greatest reduction](#) in out-of-pocket spending of any racial or ethnic group.



6. Lowers Drug Prices Through Medicare Negotiation.

Thanks to the Inflation Reduction Act, Medicare is [negotiating lower drug prices](#) directly with drug companies. Of the first ten drugs selected for negotiation, five are disproportionately taken by Latino Medicare enrollees (see Table 1). While [10.1 percent](#) of Medicare Part D enrollees are Latino:

- **16 percent** of enrollees taking **Januvia**, a diabetes drug manufactured by Merck, are Latino. The negotiation program could lower costs for [approximately 141,600](#) Latino enrollees taking Januvia as of 2022.
- **14 percent** of enrollees taking **Farxiga**, a drug manufactured by AstraZeneca to treat diabetes, heart failure, and kidney disease, are Latino. The negotiation program could lower costs for [approximately 89,460](#) Latino enrollees taking Farxiga as of 2022.
- **13 percent** of enrollees taking **Jardiance**, a diabetes drug manufactured by Merck, are Latino. The negotiation program could lower costs for [approximately 171,730](#) Latino enrollees taking Jardiance as of 2022.
- **11 percent** of enrollees taking **Fiasp/NovoLog**, a diabetes drug manufactured by Novo Nordisk, are Latino. The negotiation program could lower costs for [approximately 83,930](#) Latino enrollees taking the drug as of 2022.
- **14 percent** of enrollees taking **Enbrel**, a drug used to treat rheumatoid arthritis manufactured by Amgen, are Latino. The negotiation program could lower costs for [several thousand](#) Latino enrollees taking Enbrel as of 2022.

Table 1: Drugs Selected for Lower Negotiated Prices are Disproportionately Taken by Latinos

Drug	Condition(s) Treated	Proportion of Latino Part D Enrollees	Difference From Overall Latino Medicare Part D Population*
Januvia	Diabetes	16%	+6%
Farxiga	Diabetes, heart failure, and kidney disease	14%	+4%
Enbrel	Rheumatoid arthritis	14%	+4%
Jardiance	Diabetes	13%	+3%
Fiasp/NovoLog	Diabetes	11%	+1%

*10.1 percent of Medicare Part D enrollees identify as Latino

Half of the drugs selected for negotiation treat conditions that disproportionately impact Latinos. For example, when compared to White non-Latinos, Latinos are:

- [70 percent](#) more likely to be diagnosed with diabetes and [1.3 times](#) more likely to die from diabetes.
- [Twice as likely](#) to be hospitalized for treatment of end-stage renal disease related to diabetes.
- More likely to have [higher levels](#) of disability-related diabetes (3.2%) and hypertension (2.7%).
- Among the [most likely](#) to have activity limitations due to arthritis of any racial group.


By negotiating lower prices for these prescription drugs, Latinos on Medicare will benefit from better access to the lifesaving medications they need.

7. Enhanced Advance Premium Tax Credits.

The Inflation Reduction Act made health care premiums more affordable for millions of Americans by increasing the advanced premium tax credits (APTCs) used to lower premiums and making them available to more people. This change saves the average consumer [over \\$800 per year](#) on premiums. The Biden-Harris administration has also [substantially increased](#) outreach and education efforts to ensure people know these affordable health plans are available to them. Both of these changes have led to substantial increases in enrollment among Latinos. Between 2020 and 2022, around 900,000 Latinos newly enrolled in a low- or no-cost Marketplace plan, an [increase in enrollment of nearly 40 percent](#). These efforts are critical in [helping reduce coverage disparities](#), as Latinos form a disproportionate share of [uninsured people in America](#). Latinos face uninsured rates of 19 percent as of 2021 – [over 2.5 times higher](#) than their non-Hispanic White counterparts.



Spotlight on the States: How States with the Highest Latino Populations Benefit from the Inflation Reduction Act



California has the largest Latino population in the country and Latinos are the largest racial or ethnic group in the state, with [more than 15.5 million](#) Latinos making up 40 percent of the population. Thanks to the Inflation Reduction Act:

- The **\$35 insulin cost cap** benefits [108,164](#) Californians on Medicare who use insulin.
- **Recommended vaccines** are now free for the [more than 1.2 million Latinos](#) in California enrolled in Medicare. Before the Inflation Reduction Act, seniors had to spend [up to \\$424](#) on their two-part shingles shots.
- The **\$2,000 annual out-of-pocket cost cap** will save 203,210 Californians an average of \$341.84, effective in 2025.
- **Drug negotiations** will benefit [more than 830,000](#) California Medicare enrollees paying between \$64 and \$4,297 in out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving [1,586,076](#) Californians an average of [\\$476](#) on monthly health insurance premiums. ACA marketplace enrollment also [rose](#) 7 percent between 2021 and 2023.



Nearly a third of **Arizona's** population is Latino, representing [nearly 2.2 million](#) people. Thanks to the Inflation Reduction Act:

- The **\$35 insulin cost cap** benefits [28,124](#) Arizonans on Medicare who use insulin.
- **Recommended vaccines** are now free for the [nearly 155,000 Latinos](#) in Arizona enrolled in Medicare. Before the Inflation Reduction Act, seniors had to spend [up to \\$424](#) on their two-part shingles shots.
- The **\$2,000 annual out-of-pocket cost cap** will save 388,850 Arizonans an average of \$379.35, effective in 2025.
- **Drug negotiations** will benefit [more than 165,000](#) Arizona Medicare enrollees paying between \$126 and \$6,319 in out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving [159,471](#) Arizonans an average of [\\$479](#) on monthly health insurance premiums – a [44 percent cost reduction](#). ACA marketplace enrollment in Arizona also [rose](#) 52 percent between 2021 and 2023.



Nevada is home to [more than 890,000](#) Latinos, who form nearly 29 percent of the state’s population. Thanks to the Inflation Reduction Act:

- **The \$35 insulin cost cap benefits [10,769](#)** Nevadans on Medicare who use insulin.
- **Recommended vaccines** are now free for the [more than 52,000](#) Latinos in Nevada enrolled in Medicare. Before the Inflation Reduction Act, seniors had to spend [up to \\$424](#) on their two-part shingles shots.
- **The \$2,000 annual out-of-pocket cost cap** will save 143,020 Nevadans an average of \$433.81, effective in 2025.
- **Drug negotiations** will benefit [more than 66,000](#) Nevada Medicare enrollees paying between \$122 and \$6,307 in out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving [86,938](#) Nevadans an average of [\\$435](#) on monthly health insurance premiums – a [44 percent cost reduction](#). ACA marketplace enrollment in Nevada also [rose](#) 18 percent between 2021 and 2023.



Texas is home to [over 11.4 million](#) Latinos, who represent nearly 40 percent of the state population. Thanks to the Inflation Reduction Act:

- **The \$35 insulin cost cap benefits [114,242](#)** Texans on Medicare who use insulin.
- **Recommended vaccines** are now free for the [more than 840,000 Latinos](#) in Texas enrolled in Medicare. Before the Inflation Reduction Act, seniors had to spend [up to \\$424](#) on their two-part shingles shots.
- **The \$2,000 annual out-of-pocket cost cap** will save 1,323,430 Texans an average of \$399.64, effective in 2025.
- **Drug negotiations** will benefit [more than 623,000](#) Texas Medicare enrollees paying between \$131 and \$5,267 in out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving [nearly 2.2 million](#) Texans an average of [\\$540](#) on monthly health insurance premiums – a [51 percent cost reduction](#). ACA marketplace enrollment in Texas also [rose](#) 87 percent between 2021 and 2023.



Florida is home to [more than 5.6 million](#) Latinos, who form more than a quarter of the state’s population. Thanks to the Inflation Reduction Act:

- **The \$35 insulin cost cap benefits [90,181](#)** Floridians on Medicare who use insulin.
- **Recommended vaccines** are now free for the [more than 638,000 Latinos](#) in Florida enrolled in Medicare. Before the Inflation Reduction Act, seniors had to spend [up to \\$424](#) on their two-part

shingles shots.

- **The \$2,000 annual out-of-pocket cost cap** will save 1,479,230 Floridians an average of \$401.15, effective in 2025.
- **Drug negotiations** will benefit [more than 692,000](#) Florida Medicare enrollees paying between \$86 and \$5,588 in out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving [more than 2.5 million](#) Floridians an average of [\\$553](#) on monthly health insurance premiums – a [46 percent cost reduction](#). ACA marketplace enrollment in Florida also [rose](#) 52 percent between 2021 and 2023.

 In **New Mexico**, Latinos are the largest racial or ethnic group, forming [nearly half](#) of the state's population. Thanks to the Inflation Reduction Act:

- **The \$35 insulin cost cap benefits** [8,716](#) New Mexicans on Medicare who use insulin.
- **Recommended vaccines** are now free for the [more than 114,000 Latinos](#) in New Mexico enrolled in Medicare. Before the Inflation Reduction Act, seniors had to spend [up to \\$424](#) on their two-part shingles shots.
- **The \$2,000 annual out-of-pocket cost cap** will save 125,870 New Mexicans an average of \$272.72, effective in 2025.
- **Drug negotiations** will benefit [more than 46,000](#) New Mexico Medicare enrollees paying between \$100 and \$5,371 in out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving [more than 27,000](#) New Mexicans an average of [\\$472](#) on monthly health insurance premiums.