Lowering Costs for Asian Americans, Native Hawaiians, and Pacific Islanders:
How the Inflation Reduction Act Makes Health Care and Prescription Drugs More Affordable
Executive Summary

Health care costs in the United States have become increasingly unaffordable in recent years, putting adequate care and needed prescription drugs out of reach for many people in America. Not everyone is impacted equally, however. Asian Americans, Native Hawaiians, and Pacific Islanders (AA and NHPIs) have historically faced greater barriers to achieving and maintaining optimal health. The 25.2 million Asian Americans living in the U.S. have long been more likely to suffer from chronic health conditions like kidney failure, heart disease, and hypertension, and Asian American seniors are more likely to report difficulty affording prescription medications. Likewise, the 1.5 million Native Hawaiians and Pacific Islanders living in the U.S. are significantly more likely to suffer from diabetes and certain forms of cancer. Many AA and NHPIs also contend with longstanding health and economic inequities that make it even harder to get by for those relying on expensive medications to stay healthy.

Making health care higher quality and more affordable for everyone continues to be a top priority for President Biden and Democrats in Congress, who passed the Inflation Reduction Act in an effort to reduce health care and prescription drug costs. The new law makes health care more equitable in seven key ways:

1. capping monthly insulin costs for people on Medicare at $35;
2. making recommended vaccines free to those on Medicare;
3. giving seniors rebates for prescription drugs whose prices rise faster than inflation;
4. making low-income subsidies available to more people on Medicare in 2024;
5. adding a $2,000 annual out-of-pocket prescription drug cost cap to Medicare in 2025;
6. lowering drug prices by allowing Medicare to negotiate with drug companies;
7. lowering out-of-pocket premiums for people who buy their own insurance.

The Inflation Reduction Act is lowering health care and prescription drug costs for AA and NHPIs, and will address disparities in access and outcomes. Approximately 31,000 Asian American Medicare enrollees save approximately $500 annually due to the $35 insulin cap. More than 1.8 million Asian Americans and Pacific Islanders enrolled in Medicare Part D can now receive free vaccines. The low-income subsidy, which saves beneficiaries an estimated average of $5,300 a year, disproportionately serves AA and NHPI beneficiaries. The $2,000 out-of-pocket cap could save Asian American enrollees an average of 31 percent in out-of-pocket costs. More than half of the first ten drugs selected for Medicare price negotiations treat conditions that disproportionately impact AA and NHPIs. Lower out-of-pocket insurance premiums have led to a 6 percent increase in enrollment for this population when Native Hawaiians and Pacific Islanders face higher rates of uninsurance than White Americans.
Introduction

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 Asian Americans, Native Hawaiians, and Pacific Islanders 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, AA and NHPIs have faced barriers to achieving and maintaining optimal health. Research shows that many in these communities are more likely to suffer from diseases like diabetes, hypertension, stroke, heart failure, and end-stage renal disease than their White counterparts – adding to the life-threatening challenge that the high-cost burden of prescription drugs poses for many seniors. Asian Americans are also more likely to report difficulty affording prescription medications and many face affordability challenges.

The Biden-Harris administration, consistent with their commitment to advancing racial equity for underserved communities, is implementing the Inflation Reduction Act, which includes a number of programs that lower health care premiums and prescription drug costs. Thanks to the Inflation Reduction Act, AA and NHPIs enrolled in Medicare benefit from low-cost insulin, no-cost recommended vaccines, rebates for drugs with prices rising faster than inflation, and seniors with incomes below $22,000 now qualify for the “Extra Help” program. Meanwhile, more AA and NHPIs 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 AA and NHPIs nationwide.

1 “Asian American and Pacific Islander” (AAPI) is a Census-designated term used to describe the historical grouping of people of Asian, Native Hawaiian, and Pacific Islander descent. The federal government began categorizing Native Hawaiian and Pacific Islanders (NHPI) and Asian Americans separately in 1997, but Medicare’s reporting data on race and ethnicity is much more limited for Native Hawaiian and Pacific Islander enrollees than other groups. Protect Our Care and APIAHF encourage CMS to broaden and disaggregate their data on race and ethnicity to capture the full scope of communities.
Asian American Medicare enrollees are more likely to report difficulty affording prescription medications than their White counterparts, and fewer Asian American Medicare enrollees report having an easy experience getting needed prescription drugs.

Asian American seniors are less likely to have ever received a shingles vaccine compared to their White counterparts.

Native Hawaiians and Pacific Islanders are 2.5 times more likely to be diagnosed with diabetes and have 2.5 times higher death rates due to the disease when compared to their White counterparts.

Asian Americans are 40 percent more likely to be diagnosed with diabetes when compared to their White counterparts.

Asian Americans are 1.6 times more likely to be diagnosed with end-stage renal disease related to diabetes compared to their White counterparts.

Asian Americans are more likely to have activity limitations due to arthritis than their White counterparts.

Asian Americans and Pacific Islanders have higher rates of liver cancer, bile duct cancer, and stomach cancer, and AAPI women are more likely to die from stomach cancer than their White counterparts.

Rates of heart disease and hypertension are rising faster for most Asian Americans than for their White counterparts.

Many AA and NHPIs face additional affordability challenges that may be obscured by a lack of high-quality, disaggregated data for different subgroups acknowledging the rich diversity of the AA and NHPI population in America. Poverty is associated with adverse health outcomes, and 14.8 percent of Native Hawaiians and Pacific Islanders are living in poverty compared to just 9 percent of their White counterparts. People of Chinese, Pakistani, Nepalese, Bangladeshi, Burmese, and Mongolian descent experience poverty rates 4-16% higher than their White counterparts. Asian Americans also have comparatively fewer retirement benefits and savings, and AA and NHPI seniors have among the highest uninsured rates of any race or ethnicity – 6 to 7 times higher than their White counterparts.
The Promise: The Inflation Reduction Act advances health equity for Asian Americans, Native Hawaiians, and Pacific Islanders in seven key ways:

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

   The law capped monthly insulin copays for people on Medicare at $35, which helps approximately 31,000 Asian American Medicare enrollees save approximately $500 annually. Before the Inflation Reduction Act, 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.

2. **Provides Seniors Recommended Vaccines at No Cost.**

   The law eliminated cost-sharing for recommended vaccines covered under Medicare Part D, which covers more than 1.8 million Asian Americans and Pacific Islanders. This critical change helps address affordability barriers for many AA and NHPI Medicare beneficiaries. If the new vaccine provisions had been in effect in 2021, about 159,000 Asian American 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 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 certain AA and NHPI subgroups 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 in 2024, the law will expand eligibility for the low-income subsidy (LIS) program, also known as the “Extra Help” 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 AA and NHPI beneficiaries. The share of AAPI enrollees receiving the low-income subsidy (approximately 879,000 people or about 6.2 percent) is 67 percent higher than the proportion of Medicare Part D beneficiaries overall who identify as AA or NHPI (about 3.7 percent). This expansion will extend full LIS benefits – including deductible-free, premium-free care with low, fixed copayments for covered Part D medications – to thousands of Asian American Medicare enrollees previously receiving partial benefits.

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

Starting in 2025, the law imposes a maximum out-of-pocket cap of $2,000 in drug spending, which can be spread out over the course of the year so seniors with the highest drug costs won’t have to pay such high costs at the beginning of the year. Asian American Medicare enrollees, who tend to face higher rates of certain types of cancer, hypertension, heart disease, and diabetes, will benefit from these provisions because out-of-pocket drug spending on prescription drugs is highest for those who rely on high-cost treatments for serious health conditions. According to HHS projections, the out-of-pocket cap could save Asian American enrollees an average of 31 percent in out-of-pocket costs, which amounts to savings of approximately $87 annually for nearly 700,000 enrollees. Thanks to the Inflation Reduction Act, about 33,800 Asian American beneficiaries with savings of $1,000 or more are estimated to save an average of $2,500 in out-of-pocket costs.


Thanks to the Inflation Reduction Act, Medicare is negotiating lower drug prices directly with drug companies. By 2030, Medicare will negotiate lower prices for 80 drugs. This August, Medicare announced the first 10 drugs selected for negotiation, which include:
• Eliquis, a drug used to treat blood clots manufactured by Bristol Myers Squibb and Pfizer.
• Januvia, a type 2 diabetes drug manufactured by Merck.
• Xarelto, a blood clot drug manufactured by Johnson & Johnson’s Janssen Pharmaceuticals and Bayer.
• Fiasp, a diabetes drug also known as NovoLog manufactured by Novo Nordisk.
• Enbrel, an immunosuppressant drug manufactured by Amgen.
• Imbruvica, a leukemia drug manufactured by AbbVie and Johnson & Johnson.
• Jardiance, a type 2 diabetes drug manufactured by Boehringer Ingelheim and Eli Lilly.
• Farxiga, a diabetes, heart failure, and kidney disease drug manufactured by AstraZeneca.
• Stelara, a drug for psoriasis, psoriatic arthritis, Crohn’s disease, and ulcerative colitis manufactured by Johnson & Johnson.
• Entresto, a heart failure drug manufactured by Novartis.

Of the first ten drugs selected for negotiation, three are disproportionately taken by Asian American Medicare enrollees (see Table 1). While 3.7 percent of Medicare Part D enrollees identify as Asian American:

• 7 percent of enrollees taking Januvia, a diabetes drug manufactured by Merck, are Asian Americans. The negotiation program could lower costs for approximately 61,950 Asian American enrollees taking Januvia as of 2022.
• 6 percent of enrollees taking Farxiga, a drug manufactured by AstraZeneca to treat diabetes, heart failure, and kidney disease, are Asian Americans. The negotiation program could lower costs for approximately 38,340 Asian American enrollees taking Farxiga as of 2022.
• 6 percent of enrollees taking Jardiance, a diabetes drug manufactured by Merck, are Asian Americans. The negotiation program could lower costs for approximately 79,260 Asian American enrollees taking Jardiance as of 2022.

Table 1: Several Drugs Selected for Lower Negotiated Prices are Disproportionately Taken by Asian American Medicare Enrollees.

<table>
<thead>
<tr>
<th>Drug</th>
<th>Condition(s) Treated</th>
<th>Percentage of Asian American Part D Enrollees Who Take the Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>Januvia</td>
<td>Diabetes</td>
<td>7%</td>
</tr>
<tr>
<td>Farxiga</td>
<td>Diabetes, heart failure, and kidney disease</td>
<td>6%</td>
</tr>
<tr>
<td>Jardiance</td>
<td>Diabetes</td>
<td>6%</td>
</tr>
</tbody>
</table>

*3.7 percent of Medicare Part D enrollees identify as Asian American
7. Lowers Out-of-Pocket Premiums For People Who Buy Their Own Insurance.

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 increases in enrollment among AA and NHPIs. Between 2020 and 2022, AA and NHPI enrollment in low- or no-cost Marketplace plans increased by 6 percent. These efforts are critical in helping reduce coverage disparities, as Native Hawaiians and Pacific Islanders form a disproportionate share of uninsured people in America. Native Hawaiians and Pacific Islanders face uninsured rates of 10.8 percent as of 2021 – higher than the 7.2 rate of White Americans.

More than half of the drugs selected for negotiation also treat conditions that disproportionately impact AAs and NHPIs. For example, when compared to their White counterparts:

- Asian Americans are 40 percent more likely to be diagnosed with diabetes. Native Hawaiians/Pacific Islanders are 2.5 times more likely to be diagnosed with diabetes and 2.5 times more likely to die from diabetes, which is treated by Januvia, Jardiance, Farxiga, and Fiasp/NovoLog.
- Asian Americans are 1.6 times more likely to be diagnosed with end-stage renal disease related to diabetes. Farxiga treats kidney disease and diabetes.
- Rates of heart disease and hypertension are rising faster for most Asian Americans, excluding Japanese Americans. Farxiga and Entresto treat heart failure and high blood pressure can cause blood clots, which Eliquis and Xarelto treat.
- Asian Americans are more likely to have activity limitations due to arthritis than their White counterparts. Enbrel treats arthritis.

By negotiating lower prices for these prescription drugs, Medicare will give AA and NHPI enrollees better access to the lifesaving medications they need.
Spotlight on the States: States with the highest AA and NHPI populations continue to benefit from the Inflation Reduction Act:

California has the largest AA and NHPI population in the country, home to nearly a third of all Asian Americans and more than 21 percent of Native Hawaiians and Pacific Islanders nationwide. 7.4 million Asian Americans make up around 19 percent of the state’s population, and more than 340,000 Native Hawaiians and Pacific Islanders live in California. Over 1 million AA and NHPI residents are enrolled in Medicare.

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 approximately 5.4 million Californians enrolled in Medicare Part D. 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 nearly 2.2 million Californians an average of $295.51, effective in 2025.
- Drug negotiations will benefit more than 830,000 California Medicare enrollees paying between $64 and $4,297 in average out-of-pocket costs for the first ten drugs subject to price negotiations.
- APTC expansion is saving more than 1.5 million Californians an average of $485 on monthly health insurance premiums. ACA marketplace enrollment also rose 7 percent between 2021 and 2023.
**Hawaii** is home to the largest proportion of AA and NHPIs in the country (not including the U.S. territories). Asian Americans are the largest single racial or ethnic group in Hawaii, comprising a total of nearly 815,000 people (more than 56 percent of Hawaii residents) who identify as Asian American and more than 380,000 people (more than 26 percent of Hawaii residents) who identify as Native Hawaiian and/or Pacific Islander. More than 69,000 AA and NHPI residents in Hawaii are enrolled in Medicare.

Thanks to the Inflation Reduction Act:

- **The $35 insulin cost cap** benefits 3,703 Hawaii residents on Medicare who use insulin.
- **Recommended vaccines** are now free for more than 219,000 Hawaii residents enrolled in Medicare Part D. 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 more than 82,000 Hawaii residents an average of $280.75, effective in 2025.
- **Drug negotiations** will benefit more than 33,000 Hawaii Medicare enrollees paying between $135 and $3,455 in average out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving around 17,000 Hawaii residents an average of $545 on monthly health insurance premiums – a 40 percent cost reduction.

**Nevada** is home to the third-largest proportion of AA and NHPI residents in the country, including more than 400,000 Asian Americans and around 51,000 Native Hawaiians and Pacific Islanders. More than 51,000 AA and NHPIs in Nevada are enrolled in Medicare.

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 more than 427,000 Nevadans enrolled in Medicare Part D. 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 average out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving more than 80,000 Nevadans an average of $437 on monthly health insurance premiums – a 44 percent cost reduction. ACA marketplace enrollment in Nevada also rose 18 percent between 2021 and 2023.
New Jersey is home to over 1 million AA and NHPIs as well as the largest proportion of Indian Americans in the country. AA and NHPI residents form around 12 percent of the state’s population. More than 107,500 AA and NHPI New Jersey residents are enrolled in Medicare.

Thanks to the Inflation Reduction Act:

- **The $35 insulin cost cap** benefits 39,641 New Jersey residents on Medicare who use insulin.
- **Recommended vaccines** are now free for 1.3 million New Jersey residents enrolled in Medicare Part D. 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 nearly 475,000 New Jersey residents an average of $519.78, effective in 2025.
- **Drug negotiations** will benefit more than 261,000 New Jersey Medicare enrollees paying between $142 and $4,711 in average out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving nearly 300,000 New Jersey residents an average of $504 on monthly health insurance premiums. ACA marketplace enrollment in New Jersey also rose 27 percent between 2021 and 2023.

New York is home to the second-largest AA and NHPI population in the country. Asian Americans form nearly 11 percent of the state’s population or more than 2 million people, and around 225,000 AA and NHPI residents are enrolled in Medicare.

Thanks to the Inflation Reduction Act:

- **The $35 insulin cost cap** benefits 75,601 New Yorkers on Medicare who use insulin.
- **Recommended vaccines** are now free for the approximately 1.3 million New Yorkers enrolled in Medicare Part D. 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 more than 1.1 million New Yorkers an average of $389.63, effective in 2025.
- **Drug negotiations** will benefit more than 653,000 New York Medicare enrollees paying between $89 and $3,479 in average out-of-pocket costs for the first ten drugs subject to price negotiations.
- **APTC expansion** is saving nearly 114,000 New Yorkers an average of $361 on monthly health insurance premiums.
Texas has the third-largest AA and NHPI population in the country, with over 2 million Asian Americans and more than 75,000 Native Hawaiians and Pacific Islanders. More than 157,500 AA and NHPI residents in Texas are enrolled in Medicare.

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 more than 3.4 million Texans enrolled in Medicare Part D. 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 more than 1.3 million 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 average 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.