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# Lowering Costs for Asian Americans, Native Hawaiians, and Pacific Islanders:

How the Inflation Reduction Act Makes Health Care and Prescription Drugs More Affordable

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# 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 NHPs 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 NHPs 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 NHPs 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 NHPs nationwide.

<sup>1</sup> “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 (NHP) 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.



## The Problem: Asian Americans, Native Hawaiians, and Pacific Islanders disproportionately face adverse health outcomes:

- 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.

#### **6. Lowers Drug Prices Through Medicare Negotiation.**

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.**

Drug	Condition(s) Treated	Percentage of Asian American Part D Enrollees Who Take the Drug
Januvia	Diabetes	7%
Farxiga	Diabetes, heart failure, and kidney disease	6%
Jardiance	Diabetes	6%

*\*3.7 percent of Medicare Part D enrollees identify as Asian American*



More than half of the drugs selected for negotiation also treat conditions that disproportionately impact AAs and NHPs. 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.

## 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 NHPs. 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.





## 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.



**Hawai'i** 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 Hawai'i, comprising a total of [nearly 815,000](#) people (more than 56 percent of Hawai'i residents) who identify as Asian American and [more than 380,000](#) people (more than 26 percent of Hawai'i residents) who identify as Native Hawaiian and/or Pacific Islander. [More than 69,000](#) AA and NHPHI residents in Hawai'i are enrolled in Medicare.

Thanks to the Inflation Reduction Act:

- **The \$35 insulin cost cap** benefits [3,703](#) Hawai'i residents on Medicare who use insulin.
- **Recommended vaccines** are now free for [more than 219,000](#) Hawai'i 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](#) Hawai'i residents an average of \$280.75, effective in 2025.
- **Drug negotiations** will benefit [more than 33,000](#) Hawai'i 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](#) Hawai'i 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 NHPHI 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.