

# LOWERING DRUG PRICES



## **Execute the President's Blueprint to lower prescription drug prices for all Americans through stronger competition, better negotiation, incentives for lower prices, and increased transparency.**

- From day one, President Trump has made it clear that lowering prescription drug prices is one of his top priorities. CMS has been hard at work to make the President and Secretary Azar's vision a reality – because the status quo is simply unacceptable.
- Combined, Medicare and Medicaid represent 40 percent of the U.S. drug market – we're the largest purchaser of prescription drugs in the world, and even if you just look at Medicare, it is clear that our spending is growing. In 2012, Medicare spent 17 percent of its total budget, or \$109 billion, on prescription drugs. Five years later in 2017, this had increased to \$185 billion. We're talking about an increase of \$76 billion in just five years.

### **Our actions have delivered results**

- Empowered Medicare Advantage and Part D plans to negotiate lower costs for prescription drugs for seniors including physician-administered drugs for the first time, and announced the Part D Payment Modernization model, beginning in 2020, to test an approach to Part D in which incentives are better aligned to control costs.
- For the third year in a row, the average basic premium for Medicare Part D prescription drug plans, which cover prescription drugs that beneficiaries pick up at a pharmacy, is projected to decline. Over the past three years, average Part D basic premiums have decreased by 13.5 percent, from \$34.70 in 2017 to a projected \$30 in 2020, saving beneficiaries about \$1.9 billion in premium costs over that time.
- We finalized a new requirement that Part D plan sponsors make available at least one real-time benefit tool that provides prescribers with patient-specific information on formulary and benefit information.
- Granted biosimilar products their own Part B payment codes, to encourage innovation in these products in order to increase competition and lower costs for some of the most expensive medicines.
- Put forth the bold International Pricing Index (IPI) model to fix the perverse incentives in Medicare Part B, get a better deal for American seniors, and bring Medicare drug payments in line with what other countries pay.

- Approved state plan amendments from three states to negotiate supplemental rebate agreements involving innovative value-based payment arrangements with drug manufacturers, so states can demand results from manufacturers in exchange for payment.
- Enhanced the agency's drug dashboards by adding thousands more drugs than were included previously and information on manufacturers that increase prices. Publishing how much individual drugs cost from one year to the next provides much-needed clarity to what has been a largely hidden process.
- Issued a rule requiring pharmaceutical companies to disclose list prices in TV advertisements, so consumers have price information when first learning about medicines.
- Implemented legislation signed by President Trump to end the practice of "gag clauses" in Medicare Part D, so pharmacists cannot be prevented from telling seniors how to access prescription drugs at the lowest cost.
- Issued guidance intended to help states monitor and audit Medicaid and CHIP managed care plans to identify spread pricing when calculating their medical loss ratio (MLR).