The Daily Dish

# Cutting (A Few) Seniors' Drug Costs (A Little)

DOUGLAS HOLTZ-EAKIN | MARCH 22, 2023

There has been an enormous amount of hype around the pharmaceutical provisions of the Inflation Reduction Act (IRA). The Biden Administration's Fact Sheet is typical:

> *The Inflation Reduction Act protects Medicare beneficiaries from catastrophic drug costs by phasing in a cap for out-of-pocket costs at the pharmacy, establishing a $35 monthly cap per prescription of insulin, requiring companies who raise prices faster than inflation to pay Medicare a rebate, and allowing Medicare to negotiate prices for high-cost prescription drugs for the first time ever.*

It's great messaging, but the rubber hits the road with the answers to the questions: Who gets help and how much? Fortunately for the readers, AAF has the answers. The new study uses detailed data – courtesy of analysis by IQVIA – on Medicare beneficiaries to identify those individuals who will save from the provisions in the IRA.

The bottom line? Under 6 million – less than 10 percent – of Medicare beneficiaries will see lower drug spending as a result of the IRA and most of those savings will be modest: 69 percent of those with any savings at all will save less than $300.

This is one of those studies where the figures tell the story. Take a gander at Figure 1 (below, reproduced from the paper). The vast majority of Medicare enrollees either did not enroll in Part D, don't fill prescriptions, already have their out-of-pocket costs subsidized, or fall below the $2,000 cap on expenses. Their lives are unchanged. The only ones affected are the 2 million with catastrophic (over $2,000) costs or those who will benefit from the rifle-shot provisions for vaccines and insulin.

## Figure 1

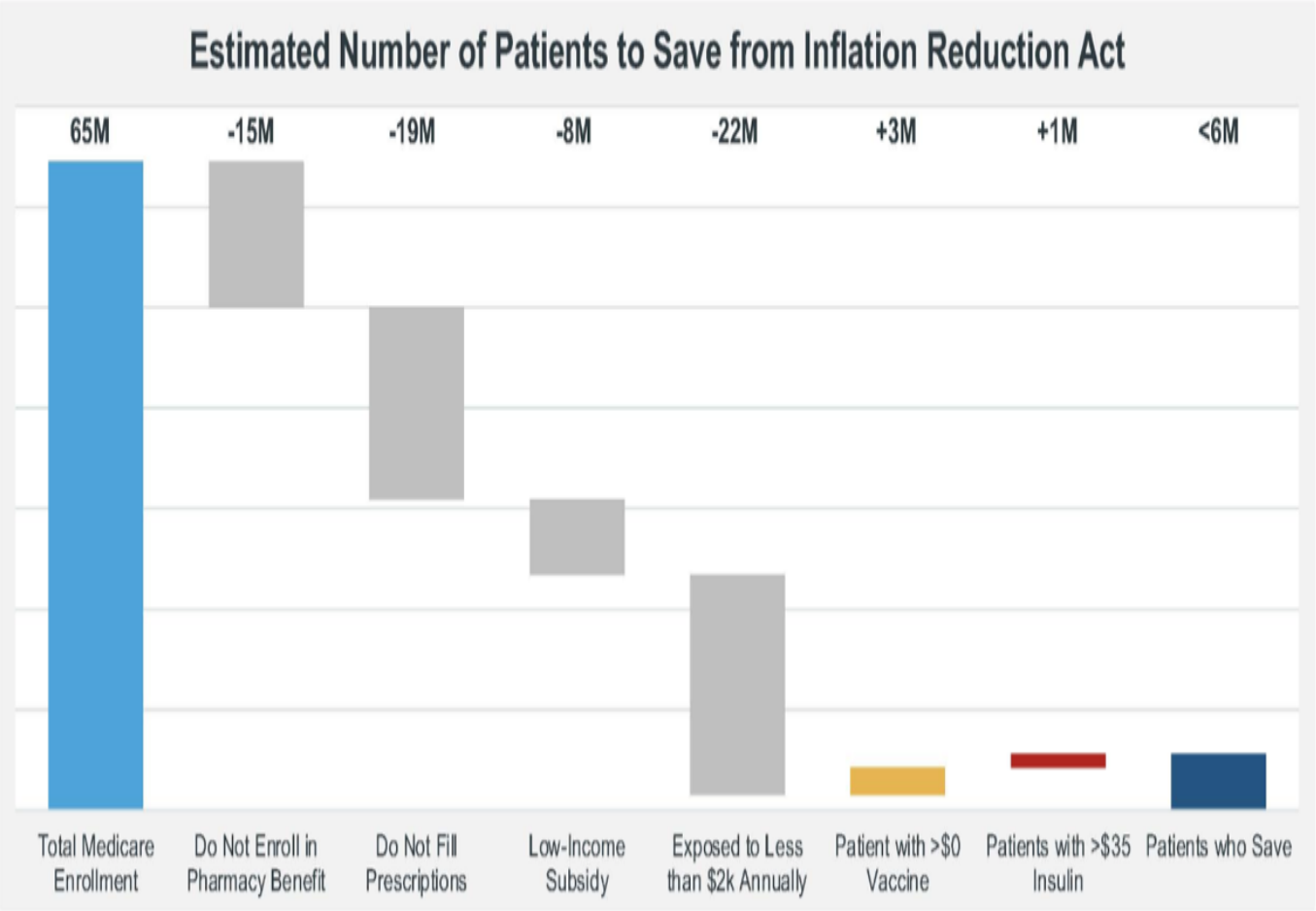
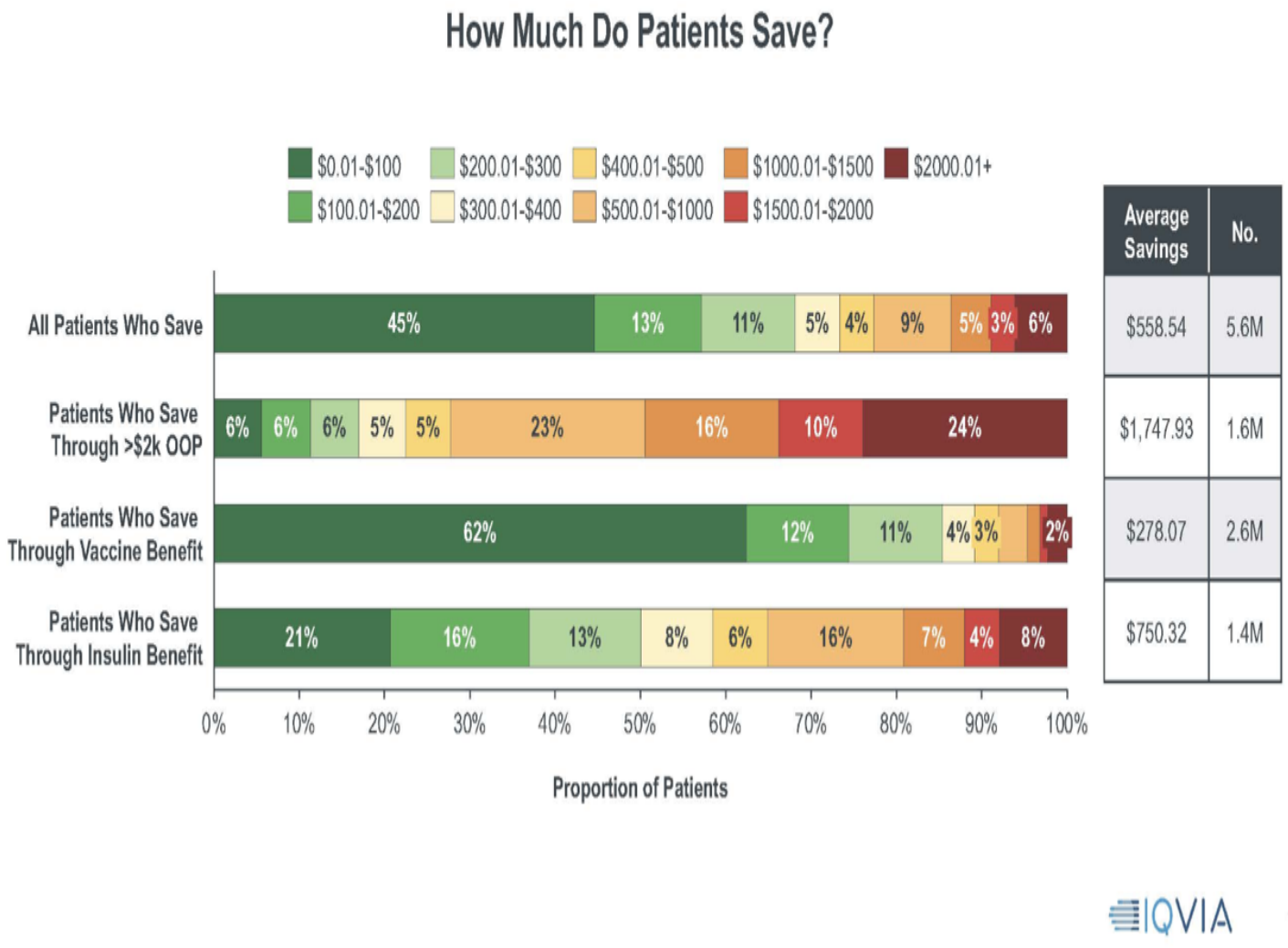



Figure 2 answers the question of how much seniors will save from the IRA. These findings are shown in Figure 2. The first line focuses on the 5.6 million with savings: A full 69 percent will have savings under $300, while only 6 percent will benefit from the $2,000 catastrophic maximum.

# Figure 2




There is a lot more to the IRA than these drug provisions. But thus far the reality falls far short of the hype.