



Press Release

Comparing the Proposals to Reform Medicare Part D

ANDREW EVANS | SEPTEMBER 23, 2019

Congress has recently produced two major proposals to reform prescription drug pricing and, more specifically, Medicare Part D: a Senate Finance Committee bill, which the committee recently passed, and Speaker Nancy Pelosi's new drug-pricing reform plan. Both bills incorporate the structure of AAF's Medicare Part D reform proposal, although in the specifics each departs in significant ways. AAF's Deputy Director of Health Care Policy Tara O'Neill Hayes compares each proposal to current law and the AAF proposal.

Her main points:

- All of the pending proposals seek to put downward pressure on prescription drug prices by realigning incentives in the Medicare Part D program, specifically by requiring manufacturer rebates (at least) in the catastrophic phase of the benefit rather than the coverage gap;
- While the plans are conceptually similar, the varying parameters of the proposals result in significantly different impacts for the various stakeholders, with both the Finance and Pelosi proposals increasing drug manufacturer liability to an unprecedented level;
- Under the AAF proposal, drug manufacturers would pay an estimated \$4.1 billion in rebates in 2022 on just those drugs with a price high enough to require a rebate; and
- The Finance proposal would yield an estimated \$8.4 billion in rebates from such drugs, while the Pelosi plan would result in \$23.1 billion in rebates.

[Read the analysis.](#)