In an effort to lower drug costs, the Inflation Reduction Act requires the Centers for Medicare & Medicaid Services to negotiate directly with drug manufacturers on specific products to reduce Medicare Part D reimbursement. In a new insight, Director of Health Care Policy Laura Hobbs compares this policy to similar policies in the United Kingdom (UK) and European Union (EU) to make the case that such tactics carry significant long-term risks to drug innovation and patient access.

### Key points:

- A recent study found that Medicare drug price negotiation provisions are likely to significantly reduce manufacturer investment in research and development of new medicines.
- The UK and EU member states are pursuing similar strategies to reduce spending in their procurement and reimbursement of medicines – potentially with similar problematic outcomes.
- U.S. policymakers should consider the trade-offs inherent in these strategies, among them reduced availability of new and innovative products and patient access to critical therapies, as well as potentially higher long-term costs.

*Read the analysis*