



Press Release

The Budget Impact of the Proposed Drug Rebate Rule

ANDREW EVANS | MAY 21, 2019

The Trump Administration has proposed changing how drug manufacturers can issue rebates for drugs in Medicare and Medicaid: Instead of issuing rebates after the sale to the insurer, manufacturer rebates must be provided to consumers directly at the point of sale. This change alters the programs' economic incentives and could lead to changes in both the volume of spending on prescription drugs as well as who shoulders the burden, writes AAF's Deputy Director of Health Care Policy Tara O'Neill Hayes.

O'Neill Hayes examines various estimates of the reform's budgetary and cost impacts. Her key findings:

- This rule will result in some degree of increased premiums for everyone, but notable out-of-pocket cost savings for some;
- While around only 30 percent of beneficiaries will likely see net savings, their savings are expected to be so large that the overall beneficiary impact will be a net savings; and
- Cost estimates for the federal government range from savings of \$99.6 billion over 10 years to costing the government \$196 billion over the same period.

[Read the insight.](#)