

Lower Costs, More Cures Act of 2019

Overview: The Lower Costs, More Cures Act would reduce the high costs of prescription medications taking a toll on American families. It incorporates dozens of vetted, bipartisan ideas to update our federal policies and programs so that Americans get a better deal on their prescription drugs, whether they take medications every day to manage chronic conditions like diabetes, or are in dire need of a treatment for their serious or life-threatening condition that today remains under development and out of reach. Some of the highlights from the legislation are outlined below:

Medicare Part B: Medicare Part B drugs – such as rheumatoid arthritis drugs and some cancer medications – are administered in a doctor’s office because they require additional care or special storage. These drugs are paid by their Average Sales Price (ASP) plus 6% of that price (or ASP + 6%) to account for both the cost of the drug and its administration, storage, and handling. The Lower Costs, More Cures Act refines the payment processes for these drugs to encourage better purchasing practices and support the use of biosimilar versions of these drugs if they are available. It would also ensure providers are equipped with information about lower-cost alternative products to reduce patient cost-sharing when appropriate.

Medicare Part D: The Medicare prescription drug benefit has been in place for over a decade – bringing seniors a variety of drug plan options to choose from, with an average monthly premium of just \$31 per month. The key to the success of these plans and their low premiums is the competition that is built in to the foundation of the Part D program. Part D plans develop different formularies based on their ability to negotiate among different manufacturers for the best deal on some of seniors’ most popular medications. The Lower Costs, More Cures Act aims to preserve these building blocks that have ensured Part D’s success, while modernizing the program to reduce misguided incentives that may encourage growth in list prices and account for changes to the prescription drug marketplace over the last decade of innovation.

The Lower Costs, More Cures Act redesigns the Medicare Part D drug benefit to lower beneficiaries’ out-of-pocket costs. It would remove the current coverage gap – also known as the ‘donut hole,’ cap out of pocket expenses at about \$3,100 per year, and decrease beneficiary cost sharing from 25% to 15% of costs before the out-of-pocket cap is reached. The changes in this legislation would also allow Part D plan enrollees who reach their out-of-pocket maximum to pay it in monthly installments over their plan year, instead of all at once. Under the modernized Part D program, enrollees would have Part D plan options that pass more of the discounts on to them at the pharmacy counter, have peace of mind that insulin and products associated with insulin use would only cost up to \$50 per month, and would not face an Obamacare cliff scheduled to add an extra \$1,200 to drug bills for certain seniors starting in 2020.

Transparency: This legislation works to hold each player in the drug supply chain accountable for their business decisions that affect Americans' drug costs. Under this bill, drug manufacturers would be required to report price increases over a certain threshold, pharmacy benefit managers must report their discounts and rebates offered, and Part D plans would be required to rely on clear quality metrics when making payment decisions. Medicare and Medicaid's payment commissions would also have a greater ability to understand and analyze drug related data.

Taxes: Along with the changes to the way Medicare pays for medications, the Lower Costs, More Cures Act would provide greater flexibility to all Americans that utilize health savings accounts (HSAs) to purchase over the counter products with the dollars they set aside for health care expenses. This legislation would also allow health insurance plans with high deductibles to cover costs associated with insulin without requiring patients to meet their deductible first, similar to the coverage of preventive care visits these plans offer today. It would also permanently reduce the medical expense deduction threshold from 10 to 7.5% of income, allowing taxpayers who itemize to claim relief from high out-of-pocket health care costs.

Additional Provisions to Lower Drug Costs: The Lower Costs, More Cures Act would reduce foreign free-loading off America's investment and position as the leader in bringing new treatments to patients by creating a trade negotiator solely dedicated to putting American patients first in government trade negotiations regarding medicines.

In addition to bringing a stronger American voice to trade agreements dealing with medications, this legislation would require pharmaceutical manufacturers to disclose pricing information in each direct-to-consumer advertisement. Finally, the legislation works to bring patients front and center, ensuring that their opinions are a part of Medicare coverage considerations, and improving coordination between the Food and Drug Administration and Medicare to bring new treatments and therapies to seniors in a more timely fashion.