

Protect Our Care: CBO: Pelosi bill to lower drug prices saves Medicare \$345 billion

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MILWAUKEE, WI – A new report from the nonpartisan Congressional Budget Office shows that Democrats' historic legislation to lower the costs of prescription drugs would not only save consumers money; it would also save Medicare \$345 billion. The bill would lift the ban on Medicare negotiations for lower drug prices and impose enforcement measures on big pharma, holding drug companies accountable and reducing drug prices for every American – those on Medicare and those who are not. According to the CBO analysis, the bill would also likely lower premiums for those on private insurance. Meanwhile, President Trump and Republicans in Congress continue to defend big drug and insurance companies, giving them record-breaking tax breaks and refusing to support Medicare negotiations – the single most effective reform to lower drug prices. Senate Majority Leader Mitch McConnell even **admitted** that he wouldn't bring the bill to a vote in the Senate, despite health care costs being one of voters' top concerns.

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The Hill: CBO: Pelosi bill to lower drug prices saves Medicare \$345 billion

Peter Sullivan | The Hill | October 11, 2019

A preliminary analysis from the nonpartisan Congressional Budget Office (CBO) **finds that** the core provision of Speaker **Nancy Pelosi's** (D-Calif.) signature bill to lower drug prices would save Medicare \$345 billion between 2023 and 2029. Democrats quickly touted the projected savings to show that their bill would effectively lower drug prices.

House Democrats are steaming forward on the bill, and hope to bring it to a vote in the House as soon as the end of the month. The measure is one of their top priorities, and one they have touted as showing they are focused on kitchen table issues even as they pursue an impeachment inquiry against **President Trump**.

The analysis is preliminary and does not take into account the entire bill, but it does analyze its main provision, which would allow the secretary of Health and Human Services to negotiate lower prices on up to 250 drugs per year, with savings applied to both Medicare and people on private insurance plans.

Republicans countered by pointing to another part of the CBO's analysis, which found that the measure would reduce research and development of new drugs. The CBO estimate that drug companies' revenues would be reduced by between \$500 billion and \$1 trillion over 10 years, leading to eight to 15 fewer new drugs coming to market over the next 10 years, out of about 300 total new drugs over that period.

"In the short term, lower prices would increase use of drugs and improve people's health," the CBO wrote. "In the longer term, CBO estimates that the reduction in manufacturers' revenues from title I would result in lower spending on research and development and thus reduce the introduction of new drugs."

The resulting effect is not certain, the agency wrote. "The overall effect on the health of families in the United States that would stem from increased use of prescription drugs but decreased availability of new drugs is unclear," the CBO wrote.

The bill would also likely result in lower premiums for people with private insurance, the CBO wrote, though it said it is still working on a more complete analysis of the bill.

"This initial analysis proves that H.R. 3 will effectively rein in the soaring cost of prescription drugs and level the playing field for American patients," three House Democratic chairmen, Reps. **Frank Pallone Jr.** (N.J.), **Richard Neal** (Mass.) and **Bobby Scott** (Va.) said in a statement, referring to the bill's formal title. "Not only will H.R. 3 save consumers money, it will also provide tremendous savings to American taxpayers."

In addition, **an analysis** of the bill from the federal Centers for Medicare and Medicaid Services' actuary found that the bill would save American households \$158 billion over 10 years through lower premiums and out of pocket spending on drugs, and that total U.S. spending on health care would decline by \$480 billion under the bill.

Rep. **Kevin Brady** (Texas), the top Republican on the Ways and Means Committee countered Friday: "CBO's report confirms House Democrats' 'dictate or destroy' price controls only serve to hurt the development of future cures and damage American innovation."

Congressional Republicans have said they want to work with Democrats on much smaller drug pricing legislation, for example speeding the introduction of cheaper generic drugs. But they have denounced Pelosi's measure as "socialist."

Pelosi is still hoping that if Trump, who has railed against high drug prices, endorses the bill, it would put pressure on congressional Republicans. Still, the measure faces dim hopes in the Senate, where Senate Majority Leader **Mitch McConnell** (R-Ky.) has vowed to block it.