



Democrats Are Taking on Drug Companies to Lower the Cost of Medicine

Americans pay the highest prices in the world for drugs, often three or four times more than people in other countries. Due to skyrocketing costs, one in four Americans cannot afford their medication.

A senior with complex medical needs pays an average of over \$6,000 per year on prescription drugs. The median price for a new prescription drug is \$180,000 – 90 times the median price in 2008.

Yet drug companies continue to raise prices, spend billions on marketing and lobbying, and make some of the highest profits in the world.

- From 2000 to 2018, big pharmaceutical companies raked in **\$11.5 trillion in revenue.**
- Between 2016 and 2020, drug companies spent **\$577 billion on stock buybacks** – about ten times as much as they spent on research and development – and significantly increased executive compensation while Americans struggled to afford life-saving medications.
- The pharmaceutical and health products industry spent **\$353 million on lobbying** in 2021, nearly double the spending of the second-highest industry.
- So far in 2022, pharmaceutical companies have already **raised the price for 1,186 drugs**, with more than 100 increases in July alone.

Despite efforts by Republicans to protect pharmaceutical companies' profits, Democrats will not stop until prescription drugs are affordable and accessible for all Americans.

The Democratic legislation will strengthen the Medicare program, significantly cut costs for families, and penalize bad actor drug companies.

This commonsense legislation to lower drug costs will **save \$288 billion** over the next decade.

The Democratic plan will:

- 1. Empower Medicare to negotiate prescription drug prices**, beginning with ten of the highest-costing drugs in 2023 and expanding to 20 each year by 2029, saving \$100 billion. Negotiation will directly lower the cost of drugs for patients and taxpayers, including for conditions such as asthma and blood clots.
- 2. Cap Medicare beneficiaries' out-of-pocket costs at \$2,000 a year**, with the ability to spread the cost over monthly payments.
- 3. Penalize drug companies for outrageous price hikes.** Drug companies – not consumers – will now be on the hook for drug prices that exceed inflation. Drug companies will lose current incentives to keep costs high by secretly negotiating with insurers and pharmacy benefit managers to ramp up profits at the expense of patients. This provision will save Medicare \$71 billion.
- 4. Provide free vaccines for seniors under Medicare**, including the shingles vaccine, which currently costs \$190 for seniors not enrolled in Medicare Part D.
- 5. Increase help for low-income seniors**, giving all qualifying Medicare beneficiaries the full low-income subsidy under Medicare Part D. The average value of this assistance is around \$5,000 per person.
- 6. Retain affordable premiums in Medicare**, as the bill fixes bad incentives and requires insurance companies and drug manufacturers to take on more responsibility for reducing high drug costs. The bill prevents insurers from passing this new responsibility onto patients, and prevents seniors premiums from growing higher than they otherwise would.