

# ELIMINATING DRUG REBATES WILL HURT SENIORS, PATIENTS AND TAXPAYERS

## Premiums Would Increase by 52% for 42 Million Seniors

- › Without rebates, premiums in Medicare Part D would increase by 52 percent – an unaffordable increase for many seniors, particularly the 37 percent of the Medicare population with fixed annual incomes at or below \$20,000.
- › If rebates are eliminated, drug companies would have to lower their prices by 45 percent to hold seniors harmless from health insurance premium hikes needed to offset lost rebates.
- › Ending rebates in Part D would increase the cost of Part D to taxpayers by \$24.5 billion per year and would raise the cost to seniors by nearly \$6 billion per year.

## State Budgets Would Face Billions in New Medicaid Costs

- › Getting rid of rebates could cost state Medicaid programs billions of dollars, which would put additional pressure on state Medicaid budgets already stretched thin to cover the health care costs for millions of people as well as expanded drug treatment programs to address the opioid crisis.
- › State Medicaid programs need every tool at their disposal to help control drug costs. If fully utilized, Pharmacy Benefit Manager (PBM) tools could save Medicaid more than \$100 billion over the next 10 years.

## Disruption for Millions of People in the Commercial Market

- › Rebates and other private-sector negotiating tools save billions of dollars for 266 million Americans – which translates to nearly \$1,000 per person per year.
- › Patients and healthcare purchasers would spend 40-50 percent more on their annual prescription drug costs without rebates and other private-sector tools.

## Eliminating Rebates Does Nothing to Solve the Problem of High and Rising Drug Prices

- › Drug companies alone set the prices of prescription drugs, and there is nothing stopping them from lowering their prices today.
- › Drug manufacturer profits are far higher than the rest of the drug supply chain – pharmacy wholesalers, PBMs, pharmacies and health plans – combined.
- › There is no correlation between rebates and the prices drug companies set for the top 200 self-administered, patent-protected brand name drugs. In fact, according to the HHS OIG the gap between total reimbursement and total rebates in Part D increased from 2011 to 2015. Even after accounting for rebates, the cost of brand name drugs still increased 62 percent from 2011 to 2015 in Part D.

**ENDING DRUG REBATES WOULD LEAVE DRUG COMPANIES UNCHECKED, CAUSING PREMIUMS, COSTS AND DRUG PRICES TO INCREASE**