



What They're Saying: The Rebate Rule is the Wrong Prescription

The Biden Administration has delayed a Trump-era rule restricting how Medicare Part D plans use prescription drug rebates to lower health care costs for seniors and American taxpayers. Here's what policymakers, stakeholders, and industry experts are saying about the flawed "Rebate Rule":

STAKEHOLDERS

- **House Speaker Nancy Pelosi:** "The Trump Administration's rebate proposal puts the majority of Medicare beneficiaries at risk of higher premiums and total out-of-pocket costs, and puts the American taxpayer on the hook for hundreds of billions of dollars. Experience tells us that merely trusting Big Pharma to lower its drug prices for consumers is not a solution, it's a prescription for more of the same."
- **House Energy and Commerce Committee Chairman Frank Pallone, Jr. (D-NJ) and Ways and Means Committee Chairman Richard E. Neal (D-MA):** "The Administration abandoned the Rebate Rule last year because they knew it would increase prescription drug prices and premiums for seniors while costing the federal government billions of dollars. Now the Administration is trying to hide those harmful details from the public with a cringeworthy letter from Secretary Azar that wrongly tells Americans there is nothing to worry about."
- **AARP Advocates:** "AARP supports solutions that will lower drug prices for Americans 50+. The Rebate Rule finalized today isn't one. It raises Part D premiums for Medicare beneficiaries AND leads to a \$200B increase in Medicare spending – all while doing nothing to lower Rx prices for consumers. We need bipartisan solutions that address the root of the problem: drug company pricing practices."
- **Lauren Aronson, Executive Director, Coalition for Sustainable Rx Pricing (CSRxP):** "The Big Pharma-backed Rebate Rule is a misguided proposal that the administration's own actuaries found would do nothing to lower drug prices while increasing premiums on Medicare Part D beneficiaries, costing taxpayers more than \$200 billion and handing drug companies a more than \$100 billion bailout."
- **Matt Eyles, President and CEO, America's Health Insurance Plans (AHIP):** "It is inconceivable that the Administration would now do a complete about face and violate its own Executive Order by asserting that the rule would not increase federal spending, beneficiary premiums, or patients' total out-of-pocket costs. This rule threatens health care affordability just as Americans are continuing to battle the COVID-19 crisis and its impact on their health and financial stability."
- **Allyson Y. Schwartz, President & CEO, Better Medicare Alliance:** "It would be deeply unfortunate to see CMS risk undermining...progress in lowering health care costs for seniors in the final weeks of the current administration with finalization of this ill-conceived rule."

ACADEMICS

- **Stacie Dusetzina, Health Services Researcher, Vanderbilt University:** "Despite actual analysis of the effect of this rule on spending and premiums showing HUGE increases, [HHS Secretary] Azar says it won't matter because he just knows. That plans and PBMs will eat the costs. Remember when [pharmaceutical] industry reps testified list prices wouldn't drop?"
- **Rachel Sachs, Associate Professor of Law, Washington University in St. Louis:** "[HHS] had time to put these [rules] through the normal processes and issue them in accordance with relevant law...On these drug pricing rules, there will be strong legal challenges to both of them, not only on the basis of their substance but the procedural way in which they are being pushed."
- **Ike Brannon, Senior Fellow, Jack Kemp Foundation:** "The administration's proposal to end rebates fundamentally misdiagnoses the problem with Medicare Part D: rebates are an effect and not the cause of higher drug prices for seniors. What's more, rebates are arguably the only mechanism keeping drug prices in check."
- **Aaron Kesselheim, Associate Professor of Medicine, Harvard Medical School:** "Simply trying to eliminate rebating without any other steps threatens to drive up drug prices overall...Rebates are a key mechanism that insurers use to try to reduce net drug prices."
- **Joseph Antos, Resident Scholar in Health Care and Retirement Policy, American Enterprise Institute:** "Undercutting the ability of PBMs to secure rebates would shift power and leverage to drug manufacturers. It is hard to see how taking that step would lead to lower overall costs for consumers."