

H.R. 3 – Drug Price Negotiation Bill

Title I – Drug Price Negotiation	
Drug Selection	<ul style="list-style-type: none"> • HHS Secretary would identify 250 brand drugs that lack competition and have the greatest cost to Medicare (Part B and D) and the entire U.S. health system • Lack of competition defined as a brand name drug that does not have a generic or biosimilar on the market; insulins included • The Secretary would negotiate for as many as drugs as possible in a year, minimum of 25
Negotiation of Maximum Fair Price & International Price Index (IPI)	<ul style="list-style-type: none"> • HHS Secretary would negotiate with manufacturers to establish maximum fair price • Upper limit of no more than 120% of the volume weighted average price of six countries (Australia, Canada, France, Germany, Japan, and UK) – termed the Average International Market (AIM) price • HHS secretary would consider: R&D costs and costs of production; information on alternative treatments and the value of the drug; domestic and international sales information
Excise Tax	<ul style="list-style-type: none"> • A manufacturer refusing to enter negotiations or who leaves the negotiation will be assessed an excise tax starting at 65% of annual gross sales, increasing 10% every quarter the manufacturer is out of compliance, to a maximum of 95%
Inflation Limit	<ul style="list-style-type: none"> • Once a price is negotiated, a manufacturer may not increase the price faster than inflation until “sufficient price competition enters the market”
Application to Medicare and Other Payors	<ul style="list-style-type: none"> • Negotiated price will be applied to Medicare with flexibility for Medicare Advantage and Part D plans to use additional tools to further negotiate • Required to offer the negotiated price to the commercial market, to group and individual health insurance plans
Civil Monetary Penalties	<ul style="list-style-type: none"> • If a manufacturer has agreed to a negotiated price and then overcharges Medicare or fails to offer this price to other payers, a CMP would be applied, equal to 10X the difference
Title II – Medicare Part B & D Inflation Rebates	
Inflation Rebate Retroactive to 2016	<ul style="list-style-type: none"> • Applies to all drugs in Medicare Part B and Medicare Part D • If a company has raised the price of a drug above the rate of inflation since 2016, companies have two options: lower the price or be required to pay the entire price above inflation in a rebate back to the Treasury
Title III – Reducing Out-of-Pocket Costs for Seniors and Modernizing Part D	
Benefit Restructure	<p>Starting January 1, 2022:</p> <ul style="list-style-type: none"> • Establishes new catastrophic threshold of \$2000 • Eliminates coverage gap
Manufacturer, Plan, and Government Contribution	<p><i>Between deductible and catastrophic:</i></p> <ul style="list-style-type: none"> • Manufacturers pay 10% • Other percentages not specified <p><i>In catastrophic:</i></p> <ul style="list-style-type: none"> • Government reinsurance reduced to 20% • Manufacturers 30% • Plans 50%
Title IV – Improvements to Medicare and Additional Investments	
Use of Savings from Negotiation Bill	<ul style="list-style-type: none"> • Savings to be reinvested in search for new treatments and cures • Savings to fund transformational improvements in Medicare, including coverage for vision, hearing and dental, and other “vital health system needs”