

Division A - Prescription Drug Pricing Reduction Act of 2019
Posted December 6, 2019, with Modifications Discussed with Staff

	By Fiscal Year, Millions of Dollars										2021-	2021-
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2025	2030
Increases or Decreases (-) in Direct Spending Outlays ^(a)												
TITLE I—MEDICARE												
Subtitle A—Part B												
10101. Improving manufacturers’ reporting of average sales prices to set accurate payment rates	-100	-210	-220	-220	-240	-260	-270	-300	-280	-320	-990	-2,420
10102. Inclusion of value of coupons in determination of average sales price for drugs and biologicals under Medicare Part B	0	-180	-180	-180	-190	-200	-210	-230	-220	-240	-730	-1,830
10103. Payment for biosimilar biological products during initial period	-1	-1	-1	-1	-1	-1	-1	-2	-1	-2	-5	-12
10104. Temporary increase in Medicare Part B payment for biosimilar biological products	0	0	0	0	0	0	0	0	0	0	0	0
10105. Improvements to Medicare site-of-service transparency	0	0	0	0	0	0	0	0	0	0	0	0
10106. Medicare Part B rebate by manufacturers for drugs or biologicals with prices increasing faster than inflation	0	-110	-810	-1,100	-1,420	-1,590	-1,700	-1,820	-1,640	-2,120	-3,440	-12,310
10107. Requiring manufacturers of certain single-dose container or single-use package drugs payable under Part B of the Medicare program to provide refunds with respect to discarded amounts of such drugs	0	-550	-760	-780	-900	-990	-1,080	-1,250	-1,240	-1,470	-2,990	-9,020

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	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			
10108. HHS Inspector General study and report on bona fide service fees	0	0	0	0	0	0	0	0	0	0	0	0	0
10109. Establishment of maximum add-on payment for drugs and biologicals	0	-30	-60	-60	-70	-70	-80	-80	-80	-90	-220	-620	
10110. Treatment of drug administration services furnished by certain excepted off-campus outpatient departments of a provider	0	-40	-60	-65	-75	-80	-85	-100	-95	-115	-240	-715	
10111. GAO study and report on average sales price	0	0	0	0	0	0	0	0	0	0	0	0	
10112. Authority to use alternative payment for drugs and biologicals to prevent potential drug shortages	0	0	0	0	0	0	0	0	0	0	0	0	
Subtitle B—Part D													
10121. Medicare Part D modernization redesign	0	0	0	150	-220	-350	-480	-710	-770	-1,010	-70	-3,390	
10121A. Maximum monthly cap on cost-sharing payments under prescription drug plans and MA–PD plans	0	0	0	20	20	30	30	30	30	30	40	190	
10121B. Requiring pharmacy-negotiated price concessions, payment, and fees to be included in negotiated prices at the point-of-sale under Part D of the Medicare program	0	0	0	1,700	2,480	2,780	3,110	3,790	3,550	4,300	4,180	21,710	

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10122. Providing the Medicare Payment Advisory Commission and Medicaid and CHIP Payment and Access Commission with access to certain drug payment information, including certain rebate information	0	0	0	0	0	0	0	0	0	0	0	0	0
10123. Public disclosure of drug discounts and other pharmacy benefit manager (PBM) provisions	0	0	0	0	0	0	0	0	0	0	0	0	0
10124. Public disclosure of direct and indirect remuneration review and audit results	0	0	0	0	0	0	0	0	0	0	0	0	0
10125. Increasing the use of real-time benefit tools to lower beneficiary costs	0	0	0	0	0	0	0	0	0	0	0	0	0
10126. Improvements to provision of Parts A and B claims data to prescription drug plans	0	0	0	0	0	0	0	0	0	0	0	0	0
10127. Permanently authorize a successful pilot on retroactive Medicare Part D coverage for low-income beneficiaries	0	0	0	0	0	0	0	0	0	0	0	0	0
10128. Medicare Part D rebate by manufacturers for certain drugs with prices increasing faster than inflation													
On-budget	-750	-1,580	-2,190	-5,660	-7,510	-9,620	-10,110	-10,580	-10,210	-11,520	-17,690	-69,730	
Off-budget	-1	-1	-1	-2	-2	-2	-2	-2	-2	-3	-7	-18	
10129. Prohibiting branding on Part D benefit cards	0	0	0	0	0	0	0	0	0	0	0	0	0
10130. Requiring prescription drug plans and MA-PD plans to report potential fraud, waste, and abuse to the Secretary of HHS	0	0	0	0	0	0	0	0	0	0	0	0	0

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	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			
10131. Establishment of pharmacy quality measures under Medicare Part D	0	0	0	0	0	0	0	0	0	0	0	0	0
10132. Addition of new measures based on access to biosimilar biological products to the 5-star rating system under Medicare Advantage	0	0	0	0	0	0	0	0	0	0	0	0	0
10133. HHS study and report on the influence of pharmaceutical manufacturer third-party reimbursement hubs on health care providers who prescribe their drugs and biologicals	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtitle C—Miscellaneous													
10141. Drug manufacturer price transparency	0	0	0	0	0	0	0	0	0	0	0	0	0
10142. Strengthening and expanding pharmacy benefit managers transparency requirements	0	0	0	0	0	0	0	0	0	0	0	0	0
10143. Prescription drug pricing dashboards	0	0	0	0	0	0	0	0	0	0	0	0	0
10144. Improving coordination between the Food and Drug Administration and the Centers for Medicare & Medicaid Services	0	0	0	0	0	0	0	0	0	0	0	0	0
10145. Patient consultation in Medicare national and local coverage determinations in order to mitigate barriers to inclusion of such perspectives	0	0	0	0	0	0	0	0	0	0	0	0	0

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10146. GAO study on increases to Medicare and Medicaid spending due to copayment coupons and other patient assistance programs	0	0	0	0	0	0	0	0	0	0	0	0
10147. MedPAC report on shifting coverage of certain Medicare Part B drugs to Medicare Part D	0	0	0	0	0	0	0	0	0	0	0	0
10148. Taking steps to fulfill treaty obligations to tribal communities	0	0	0	0	0	0	0	0	0	0	0	0
TITLE II—MEDICAID												
10201. Medicaid pharmacy and therapeutics committee improvements	0	0	0	0	0	0	0	0	0	0	0	0
10202. Improving reporting requirements and developing standards for the use of drug use review boards in State Medicaid programs	0	0	0	0	0	0	0	0	0	0	0	0
10203. GAO report on conflicts of interest in State Medicaid program drug use review boards and pharmacy and therapeutics (P&T) committees	0	0	0	0	0	0	0	0	0	0	0	0
10204. Ensuring the accuracy of manufacturer price and drug product information under the Medicaid drug rebate program	0	2	2	2	2	2	2	2	2	2	8	18
10205. Excluding authorized generic drugs from calculation of average manufacturer price under the Medicaid drug rebate program	Enacted under public law 116-59											

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10206. Improving transparency and preventing the use of abusive spread pricing and related practices in Medicaid	-15	-61	-113	-149	-138	-124	-108	-89	-74	-58	-476	-929
10207. T-MSIS drug data analytics reports	0	2	2	2	2	2	2	2	2	2	8	18
10208. Risk-sharing value-based payment agreements for covered outpatient drugs under Medicaid	4	4	4	3	4	9	17	26	39	50	19	160
10209. Modification of maximum rebate amount under Medicaid drug rebate program	0	0	-84	-1,205	-1,547	-1,930	-2,256	-2,311	-2,374	-2,504	-2,836	-14,211
10210. Applying Medicaid drug rebate requirement to drugs provided as part of outpatient hospital services	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-3	-8
Total Changes												
Estimated On-Budget Direct Spending	-862	-2,754	-4,471	-7,544	-9,804	-12,393	-13,220	-13,623	-13,362	-15,066	-25,435	-93,099
Estimated Unified-Budget Direct Spending	-863	-2,755	-4,472	-7,546	-9,806	-12,395	-13,222	-13,625	-13,364	-15,069	-25,442	-93,117
	Increases in Revenues ^(b)											
10128. Medicare Part D rebate by manufacturers for certain drugs with prices increasing faster than inflation												
On-budget	25	50	80	100	135	165	175	185	190	215	390	1,320
Off-budget	10	20	35	40	55	60	65	65	65	75	160	490
Total Changes												
Estimated On-Budget Revenues	25	50	80	100	135	165	175	185	190	215	390	1,320
Estimated Unified-Budget Revenues	35	70	115	140	190	225	240	250	255	290	550	1,810

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Net Decrease in the Deficit from Direct Spending and Revenues												
Changes in On-Budget Deficits	-887	-2,804	-4,551	-7,644	-9,939	-12,558	-13,395	-13,808	-13,552	-15,281	-25,825	-94,419
Total Changes in Unified-Budget Deficits	-898	-2,825	-4,587	-7,686	-9,996	-12,620	-13,462	-13,875	-13,619	-15,359	-25,992	-94,927

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

- CBO estimates that the legislation would reduce spending on cost-sharing by about \$72 billion over the 2020 - 2030 period among Part D enrollees who are not covered by the Low-Income Subsidy program.
 - CBO estimates that the legislation would reduce spending on premiums by about \$1 billion over the 2020 - 2030 period among Part D enrollees who are not covered by the Low-Income Subsidy program.
 - Modifications to the legislation include changing the beneficiary share of the Part D premium from 25.5 percent to 24.5 percent, changing implementation dates, and removing section 10205 which was enacted under P.L. 116-59 on September 27, 2019.
- (a) Medicare provisions include interactions with MA payments, the effect on Medicare Part A and B premiums, and TRICARE.
- (b) Proposal would affect both direct spending and revenues, which are shown separately.

CHIP = Children's Health Insurance Program; GAO = Government Accountability Office ; MA = Medicare Advantage; MA-PD = Medicare Advantage prescription drug plan; MedPAC = Medicare Payment Advisory Commission; T-MSIS = Transformed Medicaid Statistical Information System; TRICARE = the health care program operated by the Department of Defense.