

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
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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	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			
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.