

Sections 121 and 128 (the Part D “Redesign” and “Inflation-Rebate” provisions) of the Prescription Drugs Pricing Reduction Act
Information on the expected effects on spending by Part D enrollees and by commercial health insurance plans.

This preliminary analysis is based on the [“Description of the Chairman’s Mark”](#) posted on the website of the Senate Finance Committee on July 23, 2019, and on modifications discussed with committee staff. It is subject to revision based on review of legislative language.

CBO’s preliminary assessment is:

- The combination of the redesign and inflation-rebate policies would reduce beneficiaries’ spending for cost-sharing by about \$25 billion over the 2019-2029 period.
 - The redesign provision would reduce beneficiaries’ spending for cost sharing by about \$20 billion over that period, and
 - The inflation-rebate provision would reduce beneficiaries spending for cost sharing by about \$5 billion over that period.
- The combination of the redesign and inflation-rebate policies would reduce beneficiaries’ spending for premiums by about \$6 billion over the 2019-2029 period.
 - The redesign provision would reduce beneficiaries’ spending for premiums by less than \$1 billion over that period, and
 - The inflation-rebate provision would reduce beneficiaries spending for premiums by about \$5 billion over that period.

Preliminary estimate of changes in spending for cost sharing and premiums by Part D enrollees not covered by the Low-Income Subsidy program			
	Cost Sharing	Premiums	Sum
Section 121 (Redesign)	\$20 Billion reduction	Reduction of less than \$1 Billion	\$21 Billion reduction
Section 128 (Inflation Rebate)	\$5 Billion reduction	\$5 Billion reduction	\$10 Billion reduction
Sum	\$25 Billion reduction	\$6 Billion reduction	\$31 Billion reduction

- CBO does not expect that the redesign provision would have a substantial effect on costs for prescription drug benefits offered by commercial insurance plans, and
- CBO expects that the inflation-rebate provision would reduce costs for prescription drug benefits offered by commercial insurance plans.