

The Prescription Drug Pricing Reduction Act (PDPRA) of 2019

Preliminary estimate based on the "Description of the Chairman's Mark" posted on July 23, 2019, and modifications discussed with staff. Subject to revision based on review of legislative language.

	By Fiscal Year, Millions of Dollars										2020- 2024	2020- 2029
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Increases or Decreases (-) in Direct Spending Outlays												
TITLE I—MEDICARE^a												
Subtitle A—Part B												
101. Improving manufacturers' reporting of average sales prices to set accurate payment rates	decreases direct spending											
102. Inclusion of value of coupons in determination of average sales price for drugs, biologicals, and biosimilars under Medicare Part B	0	-30	-140	-150	-150	-170	-180	-200	-220	-210	-470	-1,450
103. Reduced WAC-based payments for new drugs, biologicals, and biosimilars	-10	-20	-20	-20	-20	-20	-30	-30	-30	-30	-90	-230
104. Payment for biosimilar biological products during initial period	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
105. Temporary increase in Medicare Part B payment for biosimilar biological products	sign unclear											
106. Improvements to Medicare site-of-service transparency	0	0	0	0	0	0	0	0	0	0	0	0
107. Medicare Part B rebate by manufacturers for drugs or biologicals with prices increasing faster than inflation	0	-90	-740	-1,080	-1,230	-1,450	-1,520	-1,540	-1,570	-1,470	-3,140	-10,690
108. Requiring manufacturers of certain single-dose vial drugs payable under Part B of the Medicare program to provide refunds with respect to discarded amounts of such drugs	decreases direct spending											
109. Clarification of Medicare average sales price payment methodology	decreases direct spending											
110. Establishment of maximum add-on payment for drugs, biologicals, and biosimilars	decreases direct spending											
111. Treatment of drug administration services furnished by an off-campus outpatient department of a provider	0	-10	-25	-40	-55	-65	-70	-75	-85	-80	-130	-505

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Subtitle B—Part D												
121. Medicare Part D benefit redesign	0	0	-2,500	-3,200	-3,300	-4,000	-4,500	-5,100	-6,300	-5,700	-9,000	-34,600
122. Providing the MedPAC and MACPAC with access to certain drug payment information, including certain rebate information	0	0	0	0	0	0	0	0	0	0	0	0
123. Public disclosure of drug discounts and other PBM provisions	0	0	0	0	0	0	0	0	0	0	0	0
124. Public disclosure of direct and indirect remuneration review and audit results	0	0	0	0	0	0	0	0	0	0	0	0
125. Increasing use of real-time benefit tools to lower beneficiary costs	0	0	0	0	0	0	0	0	0	0	0	0
126. Improvements to provision of Parts A and B claims data to drug plans	0	0	0	0	0	0	0	0	0	0	0	0
127. Permanently authorize a successful pilot on retroactive, Part D coverage for low-income beneficiaries	0	0	0	0	0	0	0	0	0	0	0	0
128. Medicare Part D rebate by manufacturers for certain drugs with prices increasing faster than inflation												
Effect on Medicare spending	3	-796	-1,596	-2,196	-7,196	-7,196	-8,499	-9,200	-10,200	-10,600	-11,781	-57,476
Interactions with commercial insurance market	increases revenues and decreases direct spending											
Interactions with Medicaid	increases direct spending											
Subtitle C—Miscellaneous												
141. Drug manufacturer price transparency	0	0	0	0	0	0	0	0	0	0	0	0
142. Permissive exclusion from federal health care programs expanded to individuals and entities affiliated with sanctioned entities	0	0	0	0	0	0	0	0	0	0	0	0
TITLE II—MEDICAID												
201. Medicaid Pharmacy and Therapeutics committee improvements	0	0	0	0	0	0	0	0	0	0	0	0
202. Medicaid Drug Use Review conflict of interest and reporting requirements	0	0	0	0	0	0	0	0	0	0	0	0

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203. GAO report on conflicts of interest in state Medicaid program drug use review boards and Pharmacy and Therapeutics committees	0	0	0	0	0	0	0	0	0	0	0	0	0
204. Ensuring the accuracy of manufacturer price and drug product information under the Medicaid drug rebate program	*	2	2	2	2	2	2	2	2	2	2	8	18
205. Excluding authorized generics from the calculation of average manufacturer price for purposes of the Medicaid drug rebate program	-70	-270	-280	-300	-320	-340	-360	-380	-400	-430		-1,240	-3,150
206. Improving transparency and preventing the use of abusive spread pricing and related practices in Medicaid	-17	-63	-116	-153	-142	-129	-114	-95	-74	-58		-490	-960
207. T-MSIS drug data analytics reports	*	2	2	2	2	2	2	2	2	2		8	18
208. Risk-sharing value-based payment agreements for covered outpatient drugs under Medicaid	0	0	*	-1	-2	-1	6	15	26	41		-3	83
209. Modification of maximum rebate amount under Medicaid drug rebate program	0	0	0	-102	-1,275	-1,643	-2,053	-2,403	-2,469	-2,544		-1,377	-12,488
210. State option to apply Medicaid drug rebate requirement to drugs provided as part of outpatient bundled services	*	*	*	-1	-1	-1	-1	-1	-1	-1		-2	-7
Total Changes, Estimated Direct Spending	Total changes are not included because estimates are not complete. However, CBO expects total decreases in the deficit would exceed \$20 billion over the 2020-2024 period and \$100 billion over the 2020-2029 period.												

Components may not sum to totals because of rounding. * = an increase or decrease between zero and \$500,000.

Estimates assume enactment near the end of the year and are relative to CBO's Spring 2019 baseline (adjusted to reflect the effect of removing the drug rebate proposed rule). Implementation of this bill would affect spending subject to appropriation, but CBO has not estimated those potential discretionary effects.

(a) Medicare provisions include interactions with MA payments, the effect on Medicare Part A and B premiums, and TRICARE.

CHIP = Children's Health Insurance Program; GAO = Government Accountability Office; MA = Medicare Advantage; MACPAC = Medicaid and CHIP Payment and Access Commission; MedPAC = Medicare Payment Advisory Commission; PBM = pharmacy benefit manager; T-MSIS = Transformed Medicaid Statistical Information System; TRICARE = the health care program operated by the Department of Defense; WAC = wholesale acquisition cost.