CMS Doubles Down on Medicare Drug Price Controls, Threatening Patient Access and Innovation

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ARLINGTON, VIRGINIA / ACCESS Newswire / January 22, 2025 / The Centers for Medicare & Medicaid Services (CMS) has announced an additional 15 drugs that will be subject to price controls under the Inflation Reduction Act (IRA). This expansion continues a flawed policy that threatens innovation and jeopardizes patient access to critical treatments, including drugs vital for cancer treatment and popular new weight loss medications that have transformed the management of obesity and related conditions.

“The IRA’s drug price controls are already hindering investment in critical drug research and development, undermining the innovation that has long made the U.S. a global leader in biopharmaceutical breakthroughs,” said Michael Reilly, ASBM Executive Director and former Associate Deputy Secretary in the U.S. Department of Health and Human Services.

The consequences of the IRA’s “small molecule penalty,” which limits the time manufacturers have to recoup investments in simpler “small molecule” drugs like pills, are already being felt. Small molecule drugs make up over 90% of prescriptions filled in the U.S. and are essential for treating conditions such as cancer, heart disease, and neurological disorders. Yet, since the IRA’s implementation in 2021, investment in small molecule drug development has dropped by 70% as manufacturers shift resources toward biologics, which have more favorable financial incentives under the law. “By disincentivizing the development of these breakthrough therapies, the IRA puts the health of millions of patients at risk, now and in the future,” Reilly stated.

Recent analyses underscore the harmful impact of the IRA’s policies. A recent IQVIA analysis of the first 10 drugs selected for price controls found that the federal government’s projected $6 billion in Medicare savings was overstated and misleading. Instead of reducing costs for patients, these price-setting measures are expected to increase out-of-pocket expenses for many beneficiaries.

During his tenure at HHS, Reilly worked on the design and implementation of Medicare Part D, the prescription drug benefit the IRA modifies. “Part D was designed following two decades of experience in which government price-setting failed to control Medicare costs for services and healthcare provider rates. Contrary to what many believe, under Part D, drug price negotiations do occur- they are conducted by pharmacy benefit managers (PBMs), and the law specifically forbade government interference in price-setting or formulary selection.”

Reilly emphasized that more effective, proven alternatives for cost-control exist. “The savings PBMs claim to create do not go to patients. Reforming these practices would provide immediate and tangible relief for patients by addressing out-of-pocket costs directly. PBM reform efforts enjoy broad bipartisan support in Congress. Lawmakers and the incoming Administration should prioritize these reforms to avoid long-term damage to both patient health and U.S. pharmaceutical innovation,” he added.

Through ongoing educational campaigns, including the patient-education site IRAPatientInfo.org, ASBM will continue to highlight the unintended consequences of government price-setting and promote solutions that better serve patients. For more information on ASBM’s educational campaigns, visit www.SafeBiologics.org/IRA.

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About ASBM
The Alliance for Safe Biologic Medicines (ASBM) is a diverse coalition of stakeholders, including physicians, pharmacists, patient advocates, researchers, and biopharmaceutical manufacturers. Since 2010, ASBM has worked with regulators worldwide to shape policies that reflect the best interests of patients, ensuring access to lifesaving and life-enhancing medicines while fostering innovation in healthcare.