

Lowering Drug Prices

Major drug pricing reforms will continue to be a key focus for Congress in 2020, but passage of game-changing legislation will be even more difficult. The Democrat-led House passed a sweeping measure ([HR 3](#)) that would allow Medicare Part D program to negotiate prices for some pharmaceuticals and offer those negotiated prices to private plans, but the bill is a non-starter in the Republican Senate. House Democrats would use savings from lower drug costs to add dental, hearing and vision benefits to Medicare, among other things.

Senate Finance Committee leaders have their own bipartisan [proposal](#) that would lower costs for seniors while penalizing drug makers that raise their prices faster than the rate of inflation, but many Republicans oppose the bill because of its “price controls” and the White House has offered limited support. Employer groups are concerned that the extensive Medicare savings envisioned in the proposal could lead to substantial cost-shifting to private plans.

House Democrats, meanwhile, are insisting that any major drug price deal should authorize the government to directly negotiate drug prices, a long-time priority for progressives that Republicans will not consider even though President Trump supported the idea during his election campaign.

While the Trump administration pursues its own aggressive regulatory agenda — including drug importation proposals and an expected plan to tie drug costs to international prices — an array of relatively modest bipartisan measures that aim to speed up the generic supply chain and crack down on perceived abuses of the patent system stands the best chance of passing Congress this year. These reforms include banning pay-for-delay settlements between generic and brand-name drug makers and addressing other perceived abuses of the drug approval and patent systems.

Increased oversight and transparency of pharmaceutical benefit manager services could also land in a drug pricing or other health care package. These and some generic drug pricing provisions could be drawn from the comprehensive Lower Health Care Costs Act ([S 1895](#)) passed by the Senate Health, Education, Labor, and Pensions Committee last year that includes a ban on spread pricing, a rebate pass-through requirement for commercial plans, and several reforms targeting anti-competitive provisions in provider contracts.