

Health Law & Business News

Pelosi Plan Would Have Medicare Negotiate 250 Drugs' Prices (1)

By Shira Stein and Alex Ruoff

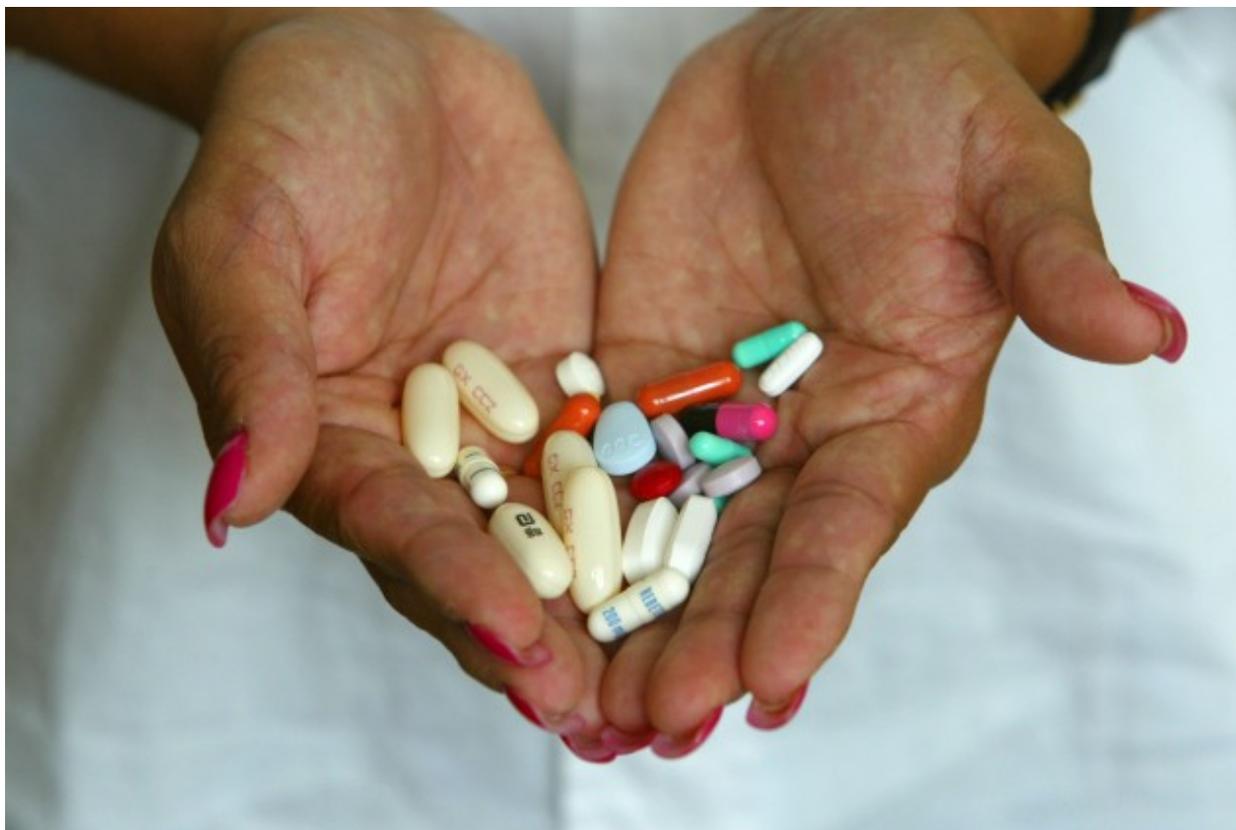
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- Drugs targeted are most expensive and lack competition
 - Refusal to negotiate would lead to 75% fee of gross sales
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House Democratic leaders want to empower Medicare to directly negotiate prices on 250 drugs, according to a document circulating among lobbyists and congressional offices.

The document, first obtained by Bloomberg Government, outlines the plan that House Speaker Nancy Pelosi (D-Calif.) has been working on for months.

Negotiation with the Department of Health and Human Services would be required for those drugs that are the most expensive to Medicare and lack competition from at least two other generic drugs, biologics, or biosimilars, and would include insulin.



The plan would also cap the prices of the drugs at 1.2 times the average international price of Australia, Canada, France, Germany, Japan, and the U.K., an idea President Donald Trump has also proposed, but his plan would cap prices at 1.26 times the average. Pelosi's plan would go farther, pegging the prices for both drugs administered in a doctor's office and drugs received at a pharmacy.

Pelosi's plan would also apply to the entire U.S., unlike Trump's proposal that would be an experiment in half the country. Lawyers have expressed concern that the administration doesn't have the authority to carry out Trump's proposal, and are expecting it to be challenged in court.

Refusal to negotiate or a lack of a price agreement would result in a fee of 75% of the gross sales of the drug from the previous year under the proposal.

House committees are still debating the details of the legislation and the bill could change before it's formally introduced, a senior leadership aide said.

"We continue to engage Members across the caucus as the committees of jurisdiction work to develop the boldest, toughest possible bill to lower prescription drug prices for all Americans," Henry Connelly, a spokesman for Pelosi, said in an email.

The bill would also redesign Medicare's prescription-drug benefit program to "encourage more efficient management of drug spending." The legislation would cap what Medicare beneficiaries pay annually out-of-pocket starting in 2022, but doesn't spell out the threshold.

It would also change drug manufacturers' and insurers' liability, but also doesn't specify how.

(Updates fourth-fifth paragraphs with details about tying prices to international rates; adds Part D information in eighth-ninth paragraphs.)

To contact the reporters on this story: Shira Stein in Washington at sstein@bloomberglaw.com; Alex Ruoff in Washington at aruoff@bgov.com

To contact the editors responsible for this story: Fawn Johnson at fjohnson@bloomberglaw.com; Robin Meszoly at rmeszoly@bgov.com

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