



HEALTH ISSUES

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U.S. House Passes Bill to Address High Prescription Drug Prices

The U.S. House of Representatives today passed a [bill](#) that would take measures to lower prescription drug costs by requiring the Centers for Medicare & Medicaid Services (CMS) to negotiate prices for certain prescription drugs. H.R. 3, the *Elijah E. Cummings Lower Drug Costs Now Act of 2019*, would expand the authority of the Secretary of Health and Human Services (HHS) to negotiate a minimum of 50 and maximum of 250 commonly utilized medicines for the Medicare program and for the private market.

Additionally, the bill will:

- Limit the maximum price for any negotiated drug to 120% of the average price of the product in Australia, Canada, France, Germany, Japan, and the United Kingdom;
- Implement a \$2,000 out-of-pocket limit on prescription drug costs for Medicare Part D;
- Prevent drug price hikes by requiring that pharmaceutical companies give rebates back to the U.S. Treasury if they raise prices for drugs in Medicare faster than inflation.

In an [analysis](#) of the legislation, the Congressional Budget Office (CBO) found the negotiation provisions would lower spending on prescription drug costs by approximately \$456 billion over 10 years. H.R. 3 now moves to the U.S. Senate where this summer, the Senate Finance Committee passed [S. 2543](#), the *Prescription Drug Pricing Reduction Act of 2019*, with some similar provisions as that of the H.R. 3.

The President released a [Statement of Administration Policy](#) on Dec. 10 opposing H.R. 3 and promising to veto it in its current form.

In March 2018, the American Academy of Actuaries Prescription Drug Work Group published an [issue brief](#) that focuses on the issues underlying prescription drug spending in the United States and identifies potential ways to address them.

If you have any questions regarding this *Academy Alert*, please contact David Linn, senior policy analyst (linn@actuary.org, 202-785-6931).

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