



August 11, 2022

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

On behalf of the American College of Physicians (ACP), I would like to express our strong support for key provisions within the Senate-passed *Inflation Reduction Act of 2022* (IRA), and urge swift passage by the House of Representatives. ACP is the largest medical specialty organization and the second largest physician membership society in the United States. ACP members include 160,000 internal medicine physicians (internists), related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge, clinical expertise, and compassion to the preventive, diagnostic, and therapeutic care of adults across the spectrum from health to complex illness. Internal medicine specialists treat many of the patients at greatest risk from COVID-19, including the elderly and patients with pre-existing conditions such as diabetes, heart disease and asthma.

The IRA would lower prescription drug prices for America's seniors by allowing Medicare to negotiate the pricing of certain high-cost, sole source drugs, limit the out-of-pocket cost of insulin for Medicare patients, and make comprehensive health insurance coverage more affordable for more people by extending the premium tax subsidies under the Patient Protection and Affordable Care Act (ACA) for three years. These measures will improve access to care by helping Americans better afford their medications for illnesses and chronic conditions and help many retain and afford their health care coverage. This legislation will also stimulate clean energy production through rebates, programs and tax credits and reduce greenhouse gas (GHG) emissions by 2030. ACP strongly believes that these are the types of measures that should engender bipartisan support; our complete policy recommendations to the Senate can be found [here](#).

I. Prescription Drug Reform

- Medicare Prescription Drug Negotiation

We are pleased that the bill will lower prescription drug costs for Medicare beneficiaries. For many years, ACP has [documented](#) the impact of the rising cost of prescription drugs, particularly for patients as they struggle to afford basic and life-saving medications prescribed

by their physicians to treat diseases and chronic conditions. Reports show that although use of prescription drugs in the United States is high, it is not an [outlier](#) compared with nine other high-income nations. The primary differences between health care expenditures in the United States versus other high-income nations are pricing of medical goods and services and the lack of direct price controls or negotiating power by centralized government health care systems.

ACP has longstanding [policy](#) supporting the ability of Medicare to leverage its purchasing power and directly negotiate with manufacturers for drug prices and further, the College has called for a full repeal of the noninterference clause. However, ACP is also supportive of an interim approach, such as allowing the Secretary of HHS to negotiate for a limited set of high-cost or sole-source drugs, as outlined in the legislation—and therefore express our support for this provision. We are also pleased to see that the IRA would require the Secretary of HHS to negotiate drug prices for the maximum number of prescriptions per year, provided such drugs are subject to negotiation, thus precluding a future HHS Secretary from potentially not negotiating lower prices.

- **Capping Out-of-Pocket Prescription Drug Costs, Vaccine Coverage, and Co-pay Assistance for Medicare Beneficiaries**

ACP supports efforts to make prescription drugs more affordable in government and private health plans by reducing the out-of-pocket costs to consumers. Shifts in benefit design, including higher deductibles and a movement away from copayments to coinsurance, have increased patient out-of-pocket costs and put pressure on program budgets. The IRA would cap annual out-of-pocket costs to \$2,000 per year, with the option to break that amount into affordable monthly payments. We support legislation that implements caps on out-of-pocket expenses for prescription drugs in the catastrophic phase of coverage to protect vulnerable seniors from being exposed to increased financial burden.

The IRA eliminates the partial subsidy status under Medicare Part D, giving those seniors the full low-income subsidy. Currently, the low-income subsidy program under Medicare Part D is fully available to all seniors earning less than 135 percent of the federal poverty level (FPL), and partially available to seniors earning less than 150 percent of the FPL. ACP supports modifications to the Medicare Part D low-income subsidy program cost-sharing and copayment structures to encourage the use of lower cost generic or biosimilar drugs as eliminating cost sharing for generic drugs for such subsidy enrollees.

Further, ACP is supportive of provisions to make all vaccines free in Medicare for seniors, the only population for which vaccines were not already free. ACP has [advocated](#) previously for funding for vaccination development and deployment to patients at no cost, particularly during the COVID-19 pandemic.

- **Repeal of Part D [Rebate Rule](#) which would have eliminated the Safe Harbor for Part D Drug Rebates and replaced it with a New One for Point-of-Sale Discounts**

The proposed [rebate rule](#) sought to address Part D drug rebates offered by manufacturers to pharmacy benefit managers (PBMs) in exchange for participation on their drug formularies. Rebates had a safe harbor that provides protection from federal anti-kickback laws. The rebate rule replaces the safe harbor for Part D rebates, meaning they could be targeted under the federal anti-kickback law, with a new safe harbor that applies only to discounts offered at the pharmacy counter at the point of sale.

ACP [commented](#) on the proposed rule at the time it was released, noting our appreciation for taking some steps toward price transparency; however, we also expressed our concerns about any rule that would increase premiums for health care, particularly for those who are now struggling to pay for their prescriptions and for the most vulnerable in our society. Insurers and PBMs also expressed concern that the rule would raise premiums for Part D seniors, citing a [report](#) from the Centers for Medicare & Medicaid Services' actuaries that the rule would lead to a 19 percent hike in premiums. In addition, a Congressional Budget Office [report](#) projected that the rule would increase federal spending by \$177 billion through 2029, coming from an increase in premiums and manufacturers implementing a chargeback system where they withhold some of the discounts they previously negotiated with payers. Given our concerns, ACP is appreciative that the IRA would repeal this rule.

II. Insulin Costs

ACP applauds Sens. Collins and Shaheen for introducing the *Improving Needed Safeguards for users of Lifesaving Insulin Now (INSULIN) Act*, which would limit the out-of-pocket cost of insulin for patients with private insurance as well as Medicare beneficiaries. While the ACP supported inclusion of the *INSULIN Act* in the IRA and is disappointed that the Senate Parliamentarian did not include the \$35 per month cap for private health plans, we are encouraged that this legislation takes meaningful steps to address the high cost of insulin. The IRA takes important steps to lower the price of insulin and reduce out-of-pocket costs for patients on Medicare.

Insulin is a lifesaving drug for millions of people living with diabetes. For all people living with type 1 diabetes, insulin is the only option and must be taken for life. Over 7 million people in the United States use insulin to control their blood sugar and avoid lifechanging complications such as dialysis, heart disease and amputation. This life-saving medication remains unaffordable for many who rely on it. In the past 15 years, the price of insulin has nearly tripled making it difficult for people with diabetes to manage their care. In recent years, there has been widespread acknowledgement that access to affordable insulin is a serious problem. However, despite this acknowledgement the cost the insulin continues to be high and Americans living with diabetes continue to suffer. The House Energy & Commerce Committee recently acknowledged that insulin prices continue to be unacceptably high despite their work to learn more about why prices have skyrocketed over the past 15 years.ⁱ

The IRA will help ensure that Medicare patients have access to lower priced insulin products that would not be subject to the rebates normally collected by insurance plans and pharmacy benefit managers. For insulin products included in this new program, their list price will be reduced to the 2021 net price for Medicare Part D, or equivalent levels, which would be significantly lower costs as compared to the current insulin list price. These lower price insulins would be eligible for cost-sharing protections and would not be subject to formulary management requirements such as prior authorization or step therapy. The IRA also takes the significant step of limiting out-of-pocket costs for people on Medicare patients with diabetes to no more than \$35 per month for at least one dosage form in each insulin product category.

III. ACA's Premium Tax Credit and Cost Reduction Subsidies ACA's Premium Tax Credit and Cost Reduction Subsidies

ACP supports that the IRA would extend the premium subsidies for three years until the end of 2025 at a cost of \$64 billion, and encourages Congress to work toward making the premium tax subsidies permanent. The American Rescue Plan Act, which was signed into law last year, provided premium tax credits to lower insurance premiums bought through the health insurance marketplace. That law also included provisions to fully subsidize the health coverage of certain individuals. According to the [Urban Institute](#), over three million people may become uninsured in 2023 if the enhanced premium tax credits are allowed to expire. Therefore, we are pleased to see that under the IRA, enrollees whose household income exceeds 400 percent of the federal poverty level (FPL) would become eligible for subsidies and have their premium costs capped at 8.5 of income for three more years. The extension does not impose additional restrictions on those who are eligible through a means test. Many middle-income families would qualify for financial help for the first time, while lower-income households would pay little or nothing for insurance.

IV. Clean Energy and Climate Change

Research shows that investments in clean energy can mitigate the increased rate of disease, injuries and premature deaths associated with climate change. In 2016, ACP released a [policy paper](#) on climate change and human health calling for immediate action to mitigate and adapt to global climate change. The paper outlined the effect that climate change has on human health, including increased risk of heat-related illness, respiratory diseases, and behavioral health issues. These health effects have a disproportionate effect on certain communities, including the elderly and outdoor workers. For these reasons, ACP continues to recommend public health interventions, environmental sustainability in the health care sector, and aggressive mitigation and adaptation initiatives like promoting active transportation.

- **Clean Energy and Climate Change**

The IRA provides tax credits, rebates and programs for investments to spur clean and renewable energy development and use and to reduce GHG emissions. The IRA also contains new incentives for renewable energy development and incentives for households to transform

their energy use and consumption. It includes incentives for electric vehicle purchase and clean domestic manufacturing while providing support for green energy project financing and reducing emissions in the agricultural sector.

ACP [urges](#) Congress to pass strong, comprehensive climate change mitigation and adaptation policies, such as that contained in the IRA, including the transition from fossil fuels to clean energy and energy efficiency. ACP strongly supports the incentives for renewable energy and wind and solar production as that will help get the country to relying more on clean energy. The IRA's provision to create a green bank or Clean Energy and Sustainability Accelerator will leverage funds to invest in clean energy technologies. ACP believes the green bank will help the nation to become less dependent on fossil fuels and move towards clean energy. Finally, the IRA seeks to decarbonize the economy and reduce GHG emissions by 40 percent of 2005 levels by 2030. ACP fully supports efforts to reduce the harmful health effects to Americans caused by global warming and climate change as we have supported the goals of the Paris Climate Accord.

- **Environmental Justice**

ACP supports the inclusion of \$60 billion in the IRA to address the disproportionate burden of pollution and climate change on low-income communities and communities of color. Environmental factors and other social drivers of health that disproportionately affect racial and ethnic minorities, including the effect on health of large-scale infectious disease outbreaks and climate change, must be addressed as recommended in “Envisioning a Better U.S. Health Care System for All: Reducing Barriers to Care and Addressing Social Determinants of Health,”ⁱⁱ “Addressing Social Determinants to Improve Patient Care and Promote Health Equity,”ⁱⁱⁱ and “Climate Change and Health.”^{iv} These social drivers and environmental factors influence an individual's health status even though they are sometimes not part of the health care system. ACP previously released the [paper](#), “[Understanding and Addressing Disparities and Discrimination Affecting the Health and Health Care of Persons and Populations at Highest Risk](#),” which offered specific recommendations to address issues that disproportionately affect racial and ethnic minorities, including during the environment. ACP [supports](#) Congress and the Administration adopting policies that address the needs of communities disproportionately affected by climate change, including people with low-incomes, communities of color, outdoor workers, and the aged and disabled.

- **Methane Emission Reduction**

The IRA creates a Methane Emissions Reduction Program to reduce the leaks from the production and distribution of natural gas. Oil and gas companies that emit more than 25,000 metric tons of carbon dioxide equivalent annually will be fined beginning in 2025 if their methane leakage rate exceeds a certain threshold. In addition, the IRA gives the Environmental Protection Agency more than \$1.5 billion through Sept. 30, 2028, to help companies reduce methane emissions. ACP is [supportive](#) of these methane emission reduction policies.

V. Conclusion

ACP strongly supports the policies outlined above and calls on the House to finalize legislation that will improve patient access to more affordable prescription drugs and expand vital health coverage through premium tax subsidies created by the ACA. We are also supportive of the provisions in the IRA that will begin to address the impact of climate change is having on the health of all Americans. If you have any questions, please contact George Lyons at glyons@acponline.org.

Sincerely,



Ryan D. Mire, MD, FACP

President

ⁱ E&C Leaders follow up with pharmaceutical manufacturers on the high cost of insulin. House Energy & Commerce Committee. August 19, 2021. Retrieved from: <https://energycommerce.house.gov/newsroom/pressreleases/ec-leaders-follow-up-with-pharmaceutical-manufacturers-on-the-high-cost-of>

ⁱⁱ Butkus R, Rapp K, Cooney TG, Engel LS et al. Envisioning a Better U.S. Health Care System for All: Reducing Barriers to Care and Addressing Social Determinants of Health. *Ann Intern Med.* 2020;172:S50-S59. doi:10.7326/M19-2410.

ⁱⁱⁱ Daniel H, Bornstein S, Kane GC et al. Addressing Social Determinants to Improve Patient Care and Promote Health Equity: An American College of Physicians Position Paper. *Ann Intern Med.* 2018;168:577-578. doi:10.7326/M17-2441.

^{iv} Crowley R. Climate Change and Health: A Position Paper of the American College of Physicians. *Ann Intern Med.* 2016;164:608-610. [Epub ahead of print 19 April 2016]. doi:10.7326/M15-2766.

^v Serchen J, Doherty R, Hewett-Abbott G, Atiq O, Hilden D; Health and Public Policy Committee of the American College of Physicians. Understanding and Addressing Disparities and Discrimination Affecting the Health and Health Care of Persons and Populations at Highest Risk: A Position Paper of the American College of Physicians. Philadelphia: American College of Physicians; 2021.