



Statement to the Senate Finance Committee
Lower Health Care Costs for Americans: Understanding the Benefits of the Inflation
Reduction Act
September 17, 2024

On behalf of the American College of Physicians (ACP), I am writing to share our support for measures in the Inflation Reduction Act (IRA) that expand access to affordable health care for our patients. We urge the Senate to expand and build on provisions in the IRA that: make comprehensive health insurance coverage more affordable, lower the cost of prescriptions in Medicare, decrease out-of-pocket costs in Medicare Part D, cap insulin costs for seniors, and expand access to vaccines. Our statement outlines support for these measures and provides additional recommendations for the Senate to enact policies that would lower the cost of health care for our patients.

ACP is the largest medical specialty organization and the second largest physician membership society in the United States. ACP members include 161,000 internal medicine physicians, 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.

Health Insurance Premium Tax Credit

ACP strongly supports the premium tax credits included in the IRA that have significantly reduced the cost of health insurance offered through the Affordable Care Act (ACA) marketplace. Unless Congress acts, these tax credits will expire next year. We urge you not to let that happen and that Congress work toward making these tax credits permanent.

We are pleased that in 2024, ACA marketplace enrollment reached a [record](#) enrollment of more than 21 million people. This growth can be [attributed](#) to the fact that the premium tax credits help make ACA marketplace plans affordable for millions of American.

Recent [data](#) shows that 95 percent of all enrolled in Healthcare.gov plans in the individual health insurance marketplace today receive enhanced tax credits that make their coverage affordable. These tax credits have lowered net premium costs by an average of 44 percent this year – or \$705 per enrollee – according to the [Kaiser Family Foundation](#).

We are deeply concerned that the Congressional Budget Office (CBO) [projects](#) that an estimated 3.4 million Americans will lose coverage if Congress fails to extend the ACA tax credits. We urge the Congress to approve S. 8, the Improving Health Insurance Affordability Act of 2023, that would expand eligibility of taxpayers for the refundable tax credit for coverage under a qualified health plan and increases coverage under the Patient Protection and Affordable Care Act.

Lower Cost in Prescriptions through Medicare Drug Price Negotiations

We support provisions in the IRA that allow Medicare to negotiate the cost of prescription drugs for seniors. In August of this year, the Department of Health and Human Services (HHS) announced that it reached agreements for 10 drugs covered in Medicare that were selected for negotiations. These drugs are some of the most expensive and widely used by seniors to treat conditions such as heart disease, diabetes, and cancer. According to HHS [data](#), about 9 million people with Medicare used at least one of these 10 drugs in 2023.

Medicare would have [saved](#) \$6 billion had these negotiated prices been in effect last year; and, once the new lower prices are implemented in 2026, all Medicare enrollees are expected to save an estimated \$1.5 billion. These savings will only increase over time as Medicare will negotiate prices for an additional 15 drugs in 2027, another 15 drugs in 2028, and 20 more drugs in 2029.

We are pleased that the IRA will finally start to curb continued increases in drug prices. Over the last several years, ACP has continued to express [concerns](#) over 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.

Prescription drug spending is [projected](#) to increase by almost 6 percent annually from 2024 to 2028—making it one of the fastest growing health care spending categories. Studies show that millions of Americans face the difficult choice of filling their prescriptions or paying for necessities such as food or housing. This can lead to serious health complications for patients as they find themselves having to resort to cutting back or skipping doses of their medicines to save money.

We urge Congress to consider passing legislation that would further strengthen the Medicare Drug Price Negotiation Program. ACP supports the Lowering Drug Costs for American Families Act, [H.R. 4895](#). This legislation would build upon the historic drug pricing provisions in the IRA, by expanding the annual number of prescription drugs selected for negotiation in the Drug Pricing Program from 20 to 50, starting in 2029. By expanding the number of high-costs drugs that Medicare can negotiate, more Americans will have access to care, which is in alignment with ACP's goal to improve access to care for patients across the country.

Lower Out of Pocket Costs in Medicare Part D

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 number of Part D enrollees with out-of-pocket drug spending above the catastrophic threshold in a given year has more than [tripled](#) from nearly 400,000 in 2010 to 1.5 million in 2019.

We strongly support provisions in the IRA that would cap annual out-of-pocket costs in Medicare Part D this year at \$3,500 and \$2,000 next year, with the option to break that amount into affordable monthly payments. These caps on out-of-pocket expenses for prescription drugs in the catastrophic phase of coverage protect vulnerable seniors from being exposed to increased financial burden, and potentially putting their adherence to prescribed treatments at risk.

We are also grateful that the IRA includes the Extra Help or Low-Income Subsidy Program to cover additional drug costs for low-income seniors. This measure [lowers](#) drug costs for nearly 300,000 seniors this year who will not be required to pay any premiums or deductibles in Medicare Part D.

Insulin Cost Capped at \$35 a Month for Seniors

ACP strongly supports measures in the IRA that ensure that seniors pay no more than \$35 for a month's supply of each covered insulin product in Medicare. We urge the Senate to approve legislation to cap insulin costs at \$35 in private plans as well and are disappointed that this provision was not included in the final version of the IRA.

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. This life-saving medication remained 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 and more than one million people in the United States [rationed](#) their use of insulin in 2021 due to concerns about the high cost of this medicine.

Increased Access to Vaccines in Medicare and Medicaid

We support measures included in the IRA to increase access to vaccine coverage for Medicare and Medicaid beneficiaries. We are pleased that vaccines covered, with no cost-sharing, under Medicare Part D now include: RSV, shingles, tetanus/diphtheria, whooping cough, hepatitis A and B. State Medicaid programs also provide additional adult vaccinations, at no charge, for many adults in Medicaid. ACP has [advocated](#) previously for funding for vaccination development and deployment to patients at no cost, particularly during the COVID-19 pandemic.

Conclusion

We appreciate the Senate Finance Committee conducting this hearing to consider policies included in the IRA to lower the cost of medication in Medicare as well as expand access to health insurance coverage provided by the Affordable Care Act. ACP stands ready to serve as a resource and work with you to strengthen these programs in the future. Should you have any questions, please contact Brian Buckley, Senior Associate for Legislative Affairs, at bbuckley@acponline.org.