

# Issue Brief

FEDERAL ISSUE BRIEF



Analysis provided for MHA by Larry Goldberg, Goldberg Consulting

August 30, 2023

## Medicare Drug Price Negotiation Program: Selected Drugs for Initial Price Applicability Year 2026

The **Inflation Reduction Act of 2022** provides Medicare the ability to directly negotiate the prices of certain high expenditure, single source drugs without generic or biosimilar competition. Below is the list of 10 drugs covered under Medicare Part D selected for negotiation for initial price applicability year 2026, based on total gross covered prescription drug costs under Medicare Part D and other criteria as required by the law.

The **Inflation Reduction Act** specified that CMS select drugs for the first round of negotiations by:

1. Identifying potential qualifying single source drugs — that is, drugs for which at least seven years, or biologics for which at least 11 years, have elapsed between the FDA approval or licensure and the selected drug publication date, and for which there is no generic or biosimilar competition.
2. Excluding certain orphan drugs, low-spend Medicare drugs, and plasma-derived products.
3. Determining the negotiation-eligible drugs — that is, the 50 qualifying single source drugs with the highest total Part D gross covered prescription drug costs under Part D, except for small biotech drugs.
4. Ranking the negotiation-eligible drugs according to highest total Part D gross covered prescription drug costs.
5. Selecting the 10 drugs with the highest total Part D gross covered prescription drug costs after excluding from the ranked list of 50 negotiation-eligible drugs any biologics that qualify for delayed selection as a result of there being a high likelihood that a biosimilar will enter the market within a specified time.

### Drugs Selected for Price Negotiations

Drug Name	Commonly Treated Conditions	Manufacturer	Total Part D Gross Covered Prescription Drug Costs from June 2022-May 2023	Number of Medicare Part D Enrollees Who Used the Drug from June 2022-May 2023
Eliquis	Prevention and treatment of blood clots	Bristol Myers Squibb and Pfizer	\$16,482,621,000	3,706,000
Jardiance	Diabetes; Heart failure	Boehringer Ingelheim and Eli Lilly	\$7,057,707,000	1,573,000
Xarelto	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	Johnson & Johnson	\$6,031,393,000	1,337,000
Januvia	Diabetes	Merck	\$4,087,081,000	869,000
Farxiga	Diabetes; Heart failure; Chronic kidney disease	AstraZeneca	\$3,268,329,000	799,000
Entresto	Heart failure	Novartis	\$2,884,877,000	587,000
Enbrel	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	Amgen	\$2,791,105,000	48,000





Drug Name	Commonly Treated Conditions	Manufacturer	Total Part D Gross Covered Prescription Drug Costs from June 2022-May 2023	Number of Medicare Part D Enrollees Who Used the Drug from June 2022-May 2023
Imbruvica	Blood cancers	AbbVie and Johnson & Johnson	\$2,663,560,000	20,000
Stelara	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	Johnson & Johnson	\$2,638,929,000	22,000
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Diabetes	Novo Nordisk	\$2,576,586,000	777,000

Six pharmaceutical manufacturers — Astellas Pharma, AstraZeneca, Boehringer Ingelheim, Bristol Myers Squibb, Johnson & Johnson, and Merck — have taken the Biden Administration to court in an attempt to block the Medicare negotiation program. The industry's main trade group, Pharma, and the Chamber of Commerce have also filed suit.