



## Draft Drug Pricing Reform: Preliminary Budgetary Effect

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<https://budgetmodel.wharton.upenn.edu/estimates/2022/7/11/draft-drug-pricing-reform-preliminary-budgetary-effect>

On July 6th, 2022, Senate Democrats introduced legislation (text\*) that addresses the cost of prescription drugs starting after enactment:

- 1) Negotiate Prescription Drug Prices.
- 2) Rebate costs of Prescription Drugs that increase in price at a faster rate than Inflation.
- 3) Redesign Medicare Part D Benefits and Cap Out-of-Pocket Costs for Beneficiaries.
- 4) Repeal Prescription Drug Rebate Rule.
- 5) Expansion of Coverage and Eligibility for vaccines and other biologics.

As shown in Table 1, we estimate this proposal would raise a net \$266 billion over the budget window (2022-2031), assuming an effective date of October 1, 2022. Since the legislative text is still in the drafting stage, this estimate might be updated in the future, including if this proposal is combined with other proposed legislative changes that produce interaction effects.

\* <https://www.finance.senate.gov/imo/media/doc/070622%20Prescription%20Drug%20Pricing%20Reform%20Leg%20Text.pdf>

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[Table 1. Revenue Estimates, FY 2022-2031](#)



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*Billions of Dollars, Change from Current-Law Baseline*

Provision	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Budget window
Prescription Drug Legislation	0.0	2.1	2.8	16.5	14.1	41.3	43.2	46.7	48.7	51.0	266.4