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Fact Sheet: How much money could Medicare save by negotiating prescription drug prices?

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How much does Medicare Part D cost?

- Medicare Part D, which covers prescription drugs for the elderly, spent \$62 billion last calendar year.
- With expected growth in drug prices and increased enrollment, total spending in Medicare Part D will average [\\$111 billion per year](#) over the next decade.
- Nationwide, prescription drug spending last year is estimated to be [\\$328 billion](#) among all payers including private insurance, Medicare Part D, and patients' out-of-pocket expenses.

How many people are covered?

- Medicare Part D provided benefits for 41 million seniors last year, according to the [Congressional Budget Office](#). That's expected to grow to 58 million by the end of the decade.

Can the government negotiate better Medicare drug prices?

- Federal law currently prohibits the Secretary of Health and Human Services from negotiating prescription drug prices. Only Congress has the power to change this law.
- Allowing the Secretary only to negotiate prices - without providing another tool to reduce prices - would not save a meaningful amount.
- The [Congressional Budget Office](#) (CBO) estimates that giving the Secretary authority only to negotiate prices will not generate significant savings unless the Secretary can also remove certain drugs from coverage or otherwise legally require reductions in prices.
- The [President's budget](#) estimates that Medicare Part D would save nothing under the President's proposal to give the Secretary authority to negotiate prices for high cost prescription drugs.
- If the Secretary were allowed to require brand-name drug manufacturers to lower the price of their drugs, Medicare Part D could save [on average](#) \$11 billion per year, according to CBO.



For more information, contact Patrick Newton, press secretary, at newton@crfb.org.