

## One Year Out: How the Inflation Reduction Act is Lowering Health Care and Prescription Drug Costs for Californians

Last year, President Biden and Democrats in Congress passed the Inflation Reduction Act, which is driving down health care costs for families and seniors across California. The law is already reducing health insurance premiums and prescription drug costs for Californians, with more savings to come.

This year, people who purchase health insurance on their own had their premiums reduced thanks to generous tax credits, and people on Medicare now pay no more than \$35 per month for their insulin prescriptions and receive recommended vaccines for no cost. Additionally, the law began to stop drug companies' egregious price hikes by penalizing drug makers for hiking prices faster than inflation.

In August, the Biden administration [announced](#) the first round of high-cost drugs selected to have lower prices as Medicare negotiates with the drug companies. Medicaid and CHIP will fully cover all recommended vaccines. In January 2024, people on Medicare with high drug costs will no longer have to pay a 5% coinsurance in the catastrophic phase of the Part D benefit. Beginning in January 2025, millions of seniors will save an average of over \$400 per year thanks to the new \$2,000 out-of-pocket spending cap.

While President Biden and Congressional Democrats fought tirelessly to pass the Inflation Reduction Act and provide relief to families across the country, every Republican in the House and Senate voted against it. The GOP gave into big drug companies' [one hundred million dollar](#) lobbying campaign, turning their backs on the American people despite the law's [overwhelmingly popular](#) health care measures, including giving power to [Medicare to negotiate](#) lower drug prices. Republicans have also reverted to some of the oldest tricks in the book and introduced numerous [bills](#) to repeal the Inflation Reduction Act and put drug and insurance companies back in charge.

Despite united opposition from drug companies and Republicans in Congress, President Biden and Democratic lawmakers delivered for America and delivered for California. Thanks to the Inflation Reduction Act, Californians are finally experiencing lower health care and prescription drug costs. Democrats are now working to expand prescription drug savings to more Americans through the Lowering Drug Costs for American Families Act, which would allow those who receive health coverage through their work or purchase their own to pay the same lower prices for prescription drugs as people on Medicare and protect them from excessive price hikes by drug companies.

### **BY THE NUMBERS**

1,509,735 Californians are [saving](#) an average of \$485 on monthly health insurance premiums.

108,164 Californians on Medicare who use insulin are now charged no more than [\\$35 per month](#) for an insulin prescription.

5,467,322 of California's seniors can receive the shingles vaccination and other recommended vaccinations [free of cost](#).

Over 830,000 Californians take one or more of the ten drugs selected to have lower prices [negotiated](#).

2,180,530 Californians will [save an average](#) of \$295.51 thanks to the Inflation Reduction Act's \$2,000 annual out-of-pocket cost cap, effective in 2025. Last year, 3,805,184 Californians [spent an average](#) of \$378 out-of-pocket on prescription drugs.

## **THE DETAILS**

**Medicare Price Negotiation Will Save Californians Millions Annually.** The first ten drugs that will have lower prices are responsible for about 20 percent of total Medicare Part D prescription drug costs every year. The companies that market them have made more than [\\$493 billion](#). Negotiating lower prices is [overwhelmingly popular](#) across the country, with a recent Protect Our Care/Hart Research poll showing that 96 percent of Americans agree that lowering drug prices "is an important way to help people afford the cost of living" and nearly three-quarters of Americans favoring Democrats' accomplishment in passing Medicare negotiation, yet big drug companies are still [suing](#) the federal government to protect their massive profits by halting the program while Republicans are attempting to [repeal](#) it.

For too long, Californians and people across the country have been paying [two to four times more](#) than people in other countries for the prescription drugs they depend on, forcing people to choose between filling a prescription or filling their refrigerator. Giving Medicare the power to negotiate lower prices directly with drug companies will help bring the price of medicines in the U.S. more in line with what other countries pay.

Negotiating lower prices on certain popular high-cost drugs [will help](#):

277,000 Californians who pay an average of \$378 out-of-pocket per year for Eliquis, sold by Bristol Myers Squibb, to treat blood clots.

5,000 Californians who pay an average of \$775 out-of-pocket per year for Enbrel, sold by Amgen, to treat arthritis and psoriasis.

46,000 Californians who pay an average of \$287 out-of-pocket per year for Entresto, sold by Novartis, to treat heart failure.

64,000 Californians who pay an average of \$198 out-of-pocket per year for Farxiga, sold by AstraZeneca to treat diabetes.

54,000 Californians who pay an average of \$64 out-of-pocket per year for Fiasp/NovoLog, sold by Novo Nordisk, to treat diabetes.

2,000 Californians who pay an average of \$4,297 out-of-pocket per year for Imbruvica, sold by AbbVie, to treat blood cancers.

103,000 Californians who pay an average of \$182 out-of-pocket per year for Januvia, sold by Merck, to treat diabetes.

164,000 Californians who pay an average of \$197 out-of-pocket per year for Jardiance, sold by Boehringer Ingelheim, to treat diabetes.

2,000 Californians who pay an average of \$1,727 out-of-pocket per year for Stelara, sold by Johnson & Johnson, to treat psoriasis and Crohn's disease.

113,000 Californians who pay an average of \$373 out-of-pocket per year for Xarelto, sold by Johnson & Johnson, to treat blood clots.

**Health Insurance Premiums Lowered For Over 1.5 million Californians.** A record-breaking 1,739,368 Californians [enrolled](#) in an ACA marketplace plan in 2023. Right now, 1,509,735, or 87 percent with an ACA plan, are [receiving](#) enhanced premium tax credits, making their coverage affordable and accessible. The Inflation Reduction Act [saves](#) an average middle-class family of four in California \$5,799 on their yearly premiums.

**Coverage for Communities of Color Expanded To Address Health Care Equity.** The Center on Budget Policy and Priorities estimates the increased savings continued under the Inflation Reduction Act will cause a sharp decline in the uninsured rate across every racial group. The extended premium savings provided in the Inflation Reduction Act have made more than [65 percent](#) of uninsured Black adults eligible for zero-dollar premium plans and [75 percent](#) eligible for plans less than \$50 a month. For uninsured Hispanic and Latino adults, now more than [68 percent](#) are eligible for zero-dollar premium plans and nearly [80 percent](#) can access plans for less than \$50 a month. The Center on Budget Policy and Priorities estimates the continuation of these increased savings will cause a sharp decline in the uninsured rate across every racial group, with a projected [one in three](#) uninsured Black adults gaining coverage.

**Premiums For Low-Wage Workers Eliminated.** The Inflation Reduction Act ensures no Californians with incomes at or below [150 percent](#) of the federal poverty level buying their coverage on the Marketplace pay a premium.

**Rural Americans Are Watching Their Health Care Costs Drop.** Thanks to the provisions in the Inflation Reduction Act, roughly [65 percent](#) of rural Americans have access to zero-dollar premium health coverage and more than [76 percent](#) can find a plan

for less than \$50 a month, narrowing the coverage differences between rural and urban America. With 6 percent of Californians living in [rural communities](#), these premium reductions have been lifesaving.

**Over 5.4 Million Californians Can Receive Free Shingles Vaccinations, Thanks To The Inflation Reduction Act.** Thanks to the Inflation Reduction Act, 5,467,322 California seniors are [eligible](#) for no-cost shingles vaccinations. The high out-of-pocket cost of the shingles vaccine has been a key factor in low vaccination rates, especially among Black and Latino communities. This extends an important affordable preventive service to seniors on Medicare; Americans with private insurance can typically receive shingles vaccinations at no cost.

**Better Coverage of Vaccinations For Medicaid Recipients Benefit Californians.** The Inflation Reduction Act also [requires](#) state Medicaid and CHIP programs to cover vaccines recommended by the CDC's Advisory Committee on Immunization Practices without out-of-pocket costs. This will allow an estimated [4 million](#) adults across the country to gain access to no-cost shingles vaccines. More accessible vaccinations will particularly help [low-income families](#) who rely on Medicaid, many of whom are people of color and people with disabilities.