

THE ULTIMATE GUIDE TO  
**THE MEDICARE DRUG PRICE  
NEGOTIATION PROGRAM**



# WHAT PATIENTS NEED TO KNOW



Prescription drugs are a lifeline for millions of Americans, especially seniors and people living with chronic or serious illnesses. In recent years, Congress created a new policy known as the Medicare Drug Price Negotiation Program, which allows the federal government to set prices for certain prescription drugs covered by Medicare.

Supporters say the program will lower costs for patients. Critics warn it could reduce access to new treatments and discourage innovation. For patients and caregivers, understanding what this program does – and what it does not do – is essential.

This guide explains how the Medicare Drug Price Negotiation Program works, which drugs are affected, what it means for patients today and in the future, and the key questions policymakers and patients are still debating.



# WHAT THIS PROGRAM DOES FOR YOU



The Medicare Drug Price Negotiation Program is a federal policy that gives the government authority to set prices for certain prescription drugs covered under Medicare, but despite the word “negotiation,” the program does not function like typical price negotiations between private insurers and drug manufacturers. Instead, the government:

- Selects a group of prescription drugs each year
- Sets a maximum price Medicare will pay for those drugs
- Penalizes manufacturers that do not agree to those prices

The stated goal of the program is to reduce federal spending on prescription drugs and lower out-of-pocket costs for Medicare beneficiaries.



## WHY WAS THE PROGRAM CREATED?

Prescription drug affordability is a real concern for many patients, particularly those on fixed incomes or managing complex conditions that require multiple medications. Lawmakers who supported the program argued that Medicare should use its size to demand lower drug prices, that high drug costs strain seniors and taxpayers and that government-set prices would reduce Medicare spending over time. Others, however, raised concerns that price-setting by the government could reduce treatment options and slow the development of new medicines.



## WHICH DRUGS ARE NEGOTIATED?

Each year, the government selects a limited number of drugs for price setting based on criteria such as:

- High total spending in Medicare
- Length of time the drug has been on the market
- Whether generic or biosimilar alternatives exist

The program focuses on:

- Drugs covered under Medicare Part D (outpatient prescription drugs)
- Beginning in 2026 (for 2028 implementation) certain drugs covered under Medicare Part B (typically physician-administered drugs)

The 2026 list (for implementation in 2028) will include up to 15 drugs.



# HOW COULD THIS AFFECT PATIENTS?

## BENEFITS

Some patients may experience:

- Lower out-of-pocket costs for certain medications
- Reduced cost-sharing under Medicare drug plans
- Greater predictability in drug pricing

## RISKS

Some possible consequences include:

- Fewer new drugs being developed for seniors and people with chronic illnesses
- Delays in patient access to new treatments
- Reduced investment in treatments for rare or complex conditions
- Many experts caution that price controls can shift costs elsewhere in the system or limit future treatment options.

## WILL ALL MEDICARE PATIENTS BENEFIT?

Not necessarily. The program applies only to a limited number of selected drugs and affects Medicare prices rather than private insurance. It also does not guarantee lower costs at the pharmacy counter for every patient, since out-of-pocket expenses depend on plan design, deductibles, coinsurance and whether a patient is using one of the drugs selected for negotiation.

# HOW DOES THIS AFFECT INNOVATION?



Developing new medicines is costly, risky, and time-consuming. Critics argue that government-set prices could:

- Reduce funding for research and development
- Discourage investment in treatments for older patients
- Shift innovation away from diseases primarily affecting seniors

Supporters counter that manufacturers can absorb lower prices. The long-term impact on medical innovation remains uncertain and is a major point of debate.



# WHAT DOES THIS MEAN FOR CAREGIVERS?



Caregivers play a critical role in helping patients navigate treatment decisions and coverage options.

Under this program, caregivers may need to:

- Monitor changes in drug coverage and formularies
- Advocate for access if a medication becomes harder to obtain
- Discuss alternative treatment options with providers

Understanding policy changes helps caregivers plan ahead and support continuity of care.





## KEY QUESTIONS PATIENTS CAN ASK

If you or a loved one relies on prescription medications, consider asking:

- Is my medication affected by the negotiation program?
- Will my out-of-pocket costs change?
- Are alternative treatments available if access becomes restricted?
- How might this affect future treatment options?

Patients should always consult their healthcare providers before making any medication changes.

### WHAT HAPPENS NEXT?

The Medicare Drug Price Negotiation Program is still being implemented, and its full effects will take years to evaluate. Patients, caregivers and advocates will be watching closely to see whether costs truly decline for patients, how access and formularies change and what impact the program has on future medical innovation. Policy decisions made today will shape the availability of treatments for generations of patients.

# WHAT THIS PROGRAM DOES FOR YOU



The Medicare Drug Price Negotiation Program is a federal policy that gives the government authority to set prices for certain prescription drugs covered under Medicare, but despite the word “negotiation,” the program does not function like typical price negotiations between private insurers and drug manufacturers. Instead, the government:

- Selects a group of prescription drugs each year
- Sets a maximum price Medicare will pay for those drugs
- Penalizes manufacturers that do not agree to those prices

The stated goal of the program is to reduce federal spending on prescription drugs and lower out-of-pocket costs for Medicare beneficiaries.

