

MYTHS VS FACTS: INFLATION REDUCTION ACT

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The Inflation Reduction Act (IRA) will result in limits on access to and innovation in lifesaving and life-enhancing medicines. Uncovering the facts and raising awareness of the looming realities is critical to the lives and livelihoods of millions of Americans.



PATIENT ACCESS

MYTH: The IRA will improve patients' access to prescription drugs.

FACT: Today, seniors have broad access to the prescription drugs included in the price-setting provisions. Part D plans have an [average coverage rate](#) of over 90% for these medications. Most medications included in the provisions are widely available without heavy utilization management like fail-first policies limiting patient access. Rather than universally improving access, the IRA impact of this price setting will extend beyond the selected medicines, and patients may lose access to other medicines. In addition, IRA's price setting will devastate the pipeline of treatments and cures relied upon by the millions of Americans who manage chronic conditions or live with unmet medical needs.

MYTH: The IRA will dramatically lower prescription drug costs for all Medicare patients.

FACT: This unprecedented medication price setting will not help many seniors save a significant amount of money. In fact, for many seniors taking medications included in the price-setting program, patient cost sharing is most often based on formulary tier decisions determined by the health plan rather than the price of the medication.



INNOVATION

MYTH: Drug companies already make a lot of medicines, so the IRA won't hurt their business.

FACT: [Vital Transformation's analysis](#) estimated that more than 40% of all FDA approvals in the past would likely not have occurred had the IRA provisions been in place prior to their development.

MYTH: All patients are in favor of the IRA because it's supposed to lower costs at the pharmacy counter.

FACT: [Kaiser Family Foundation polling](#) found 65% of Americans oppose so-called negotiations if they lead to less research and development of new drugs. Another [survey](#) found that 65% of respondents also opposed changing the Medicare law to allow the government to restrict access to medicines to save money for the government. Similarly, 67% of seniors remain [concerned](#) savings will be used to pay for other non-healthcare government spending.

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INNOVATION

MYTH: The IRA's price setting will impact only current prescription drugs.

FACT: Government intervention will impact prescription drugs for years to come.

[Vital Transformation's analysis](#) predicts as many as 139 fewer FDA approvals of new medicines or uses over the next 10 years. Treatments for oncology, neurology, rare conditions, infectious disease, diabetes, and cardiology will likely be hardest hit.

MYTH: The IRA equally impacts all treatments.

FACT: The IRA has many unintended consequences. For example, the "pill penalty" levied in the IRA will further deter companies from investing in researching, developing, and manufacturing drugs that have shorter time periods before government price-setting takes over. Biopharmaceutical companies expect to shift investments away from these medications, and many companies are actively doing so. In addition, the IRA disincentivizes continued research on medicines after they are initially approved by the Food and Drug Administration, decreasing the potential for new treatment options for patients with cancer or rare diseases.



JOBS

MYTH: Medicare patients are the only people the drug price setting will impact.

FACT: Likely spillover of government-set prices into the commercial market, along with the possible expansion of the IRA that many policymakers are calling for, could undermine the entire U.S. biopharmaceutical R&D ecosystem. [Vital Transformation](#) has estimated that the broad reach of government price controls could ultimately result in the loss of over 200,000 biopharmaceutical industry jobs and more than 1 million total jobs across the US economy.

MYTH: The IRA won't impact the healthcare industry beyond lowering costs for Medicare patients.

FACT: Price capping will squeeze out generic drug companies and create disincentives for emerging biosimilar products. Fewer generics and biosimilars entering the market when patents expire will hinder widespread access and affordability for all patients, including patients with health plan coverage outside of Medicare.



PATIENT COST

MYTH: Setting price controls on drug companies is the best way to reduce prices.

FACT: The IRA overlooks major players in the drug supply chain that fuel the high out-of-pocket costs of medicines for many patients. Specifically, harmful pharmacy benefit manager (PBM) practices remain unchecked and should be a priority for legislators looking to address compounding factors in the overall healthcare ecosystem.

MYTH: Price setting through the IRA is the only way the government can help counter high drug prices.

FACT: Lawmakers can advance policies that support a strong biopharmaceutical industry and that lead to real, impactful cost savings for all American patients. Those improvements can come through incentivizing robust pharmaceutical research, reducing patient access barriers to needed medications, protecting and supporting high-quality drugs, and ensuring America's position as a global leader in healthcare and medical innovation remains strong.