



CHAIR JODEY ARRINGTON

# HOUSE BUDGET COMMITTEE

## CBO Confirms: Biden-Harris Election Year Medicare Cost-Shifting Policy Will Cost Taxpayers Billions

WASHINGTON, D.C. – Today, the nonpartisan Congressional Budget Office (CBO) [released](#) its analysis of a newly announced Biden-Harris program intended to paper over the flaws of the so-called “Inflation Reduction Act” (IRA). Based on CBO estimates, this election-year stunt to artificially lower the cost of seniors’ Part D premiums will cost taxpayers at least \$7 billion in 2025, including \$2 billion in additional interest on our already ballooning debt. If implemented as planned, this program could cost taxpayers more than \$21 billion over the three-year demonstration.

This analysis is in response to a [request](#) from House Budget Committee Chairman Jodey Arrington (R-TX), Senate Budget Committee Ranking Member Chuck Grassley (R-IA), Senate Finance Committee Ranking Member Mike Crapo (R-ID), House Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA), and House Ways and Means Committee Chairman Jason Smith (R-MO).

### CHAIRMAN ARRINGTON STATEMENT

*“As predicted, the Biden-Harris Inflation Reduction Act not only quelled investment for new cures, but caused Medicare prescription drug plan premiums to skyrocket, and Democrats are scrambling to cover it up before the election.”*



*In July, the Biden-Harris CMS scrambled to create a new federal program that will send billions of tax dollars to large health insurance companies to cover up a massive flaw in their so-called Inflation Reduction Act.*

*Now, CBO confirmed that the Administration's election year Hail Mary will cost taxpayers an astounding \$7 billion next year alone, and \$21 billion over the planned 3-year demo, adding to the more than \$2 trillion in Biden-Harris executive spending."*

### RANKING MEMBER GRASSLEY STATEMENT

*"When Democrats unilaterally enacted major changes to Medicare two years ago, they set seniors up for new expenses and fewer options. This nonpartisan CBO analysis confirms CMS's cost-shifting plan is a dishonest election-year gimmick to cover up those consequences. Rather than coming to the table and legitimately addressing its partisan mistakes, the Biden-Harris administration threw taxpayer dollars at the problems it created, putting Americans on the hook for tens-of-billions more dollars."*

### RANKING MEMBER CRAPO STATEMENT

*"The Congressional Budget Office has confirmed that the Biden-Harris Administration's latest 2024 gimmick will spend billions in taxpayer dollars to blanket over the consequences of the rushed, partisan so-called Inflation Reduction Act. This type of executive overreach treats the Treasury as a piggy-bank, exacerbating inflation and sidestepping Congress to advance conveniently timed political aims."*

### CHAIR MCMORRIS RODGERS STATEMENT

*"The CBO confirms the \$7 billion cost for just one year of the Biden-Harris administration's politically motivated scheme to buy off big insurance companies just weeks before an election. The American people should not be fooled by this illegal, last-ditch attempt to cover up Democrats' disastrous policies that significantly raised Medicare Part D premiums. President Biden and Vice President Harris should abandon this ill-fated plan and work on*



*bipartisan solutions to lowering the cost of care, like the Lower Costs, More Transparency Act.”*

## CHAIRMAN SMITH STATEMENT

*“The so-called Inflation Reduction Act – which is law as a result of Vice President Harris’ tie-breaking vote in the Senate – has led to a predictable spike in the cost of prescription drug coverage for America’s seniors. Rather than change course, the Biden-Harris Administration is cutting taxpayer-funded blank checks to large health insurers to sweep the mess under the rug. It is a shameful attempt to delay the inevitable fallout of a failed policy that leaves taxpayers footing the bill today and seniors paying the price tomorrow.”*

## BACKGROUND

Congressional Democrats included policies in the IRA that significantly redesigned the Medicare Part D prescription drug benefit at an initial estimated cost of nearly [\\$30 billion](#) over ten years beginning in 2025.

As a result, Medicare prescription drug plan (PDP) sponsors responded by significantly increasing their plan bids and base beneficiary premiums for 2025, as well as reducing the number of plans offered to seniors next year.

In response, on July 29, 2024, the Biden-Harris Centers for Medicare and Medicaid Services (CMS) announced a new Medicare Part D Premium Stabilization Demonstration program, **which will send Federal dollars to large health insurance companies to artificially lower the cost of seniors’ Part D premiums.**

**The Premium Stabilization Demonstration program will shift financial liability onto American taxpayers** by applying a uniform reduction of \$15 to the base beneficiary premium, establishing a year-over-year limit of \$35 on how much a plan’s total Part D premium can increase, and adjusting risk corridors to shift financial liability from large insurance companies to taxpayers.



## THE BOTTOM LINE

Under the Biden-Harris Administration, average Medicare Part D premiums [increased](#) by over 11 percent from 2021 to 2024, costing seniors an average of \$52 more per year for their prescription drug coverage. On the contrary, under the Trump Administration, average Part D premiums [decreased](#) by over 5.5 percent, saving seniors an average of \$27 a year.

As a result, before the announcement of the Biden-Harris Administration's election-year bailout of health insurance companies, seniors' premiums have increased under this Administration at more than **twice** the rate that they **decreased** under the Trump Administration.

While the Trump Administration lowered costs by increasing free-market competition, the Biden-Harris Administration has subjected seniors to soaring prescription drug costs with sloppy partisan policymaking and one-size-fits-all "Washington knows best" mandates.

Because of **Democrats' rushed, partisan policymaking in the IRA**, America's seniors were faced with sharp increases in their prescription drug premiums as well as fewer choices for coverage.

**To cover up rising premiums ahead of November**, the Biden-Harris Administration announced a demonstration program, which will buy down premium increases by sending billions of taxpayer dollars directly to large insurance companies. A [recent op-ed](#) from *The Wall Street Journal* Editorial Board called the plan "*a Medicare election bribe for seniors.*"

House Budget Committee Republicans are leading the charge to fully understand the budgetary effects of this new demonstration program that will add billions more to the over [\\$2 trillion](#) Biden-Harris executive spending spree.

