



CHAIR JODEY ARRINGTON

# HOUSE BUDGET COMMITTEE

## Arrington, Grassley Lead Bicameral Request for Budgetary Analysis of New Biden-Harris Medicare Cost-Shifting Policy

WASHINGTON, D.C. – Today, House Budget Committee Chairman Jodey Arrington (R-TX) and Senate Budget Committee Ranking Member Chuck Grassley (R-IA) spearheaded a [letter](#) to Congressional Budget Office (CBO) Director Phillip Swagel **asking the CBO to analyze a new Medicare Part D Premium Stabilization Demonstration program that invites an unchecked taxpayer-funded bailout to paper over the flaws in the Inflation Reduction Act (IRA)**. Chairman Arrington and Ranking Member Grassley were joined by 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).

In response to the Biden-Harris Administration’s plan to send billions in taxpayer dollars to large health insurance companies to artificially lower the cost of seniors’ Part D premiums, the members requested an analysis on the budgetary impact of this new demonstration program.

### **The members requested that CBO:**

1. Provide a detailed **breakdown of the estimated budgetary effects for the new Premium Stabilization Demonstration for plan year 2025**. This should encompass net interest costs for the new demonstration program.
2. Provide a detailed **breakdown of the isolated budgetary effects for each of the demonstration’s stated components**. This should include the uniform \$15 reduction to the base beneficiary premium, the year-over-



year increase limit of \$35 on a plan's total Part D premium, and the changes to risk corridors.

3. Provide a comprehensive **breakdown of the average projected payout to individual PDP sponsors under this demonstration.**
4. **Outline how Part D plan bid growth and program outlays in 2024 and 2025 compare to CBO's original assumptions** when scoring the redesign provisions of the IRA in 2022.

## BACKGROUND

Congressional Democrats included policies in the IRA that significantly redesigned the Medicare Part D prescription drug benefit at an estimated cost of nearly **\$30 billion** over ten years.

These policy changes restructured the Medicare Part D prescription drug benefit and take effect in 2025. As a result, Medicare prescription drug plan (PDP) sponsors are responding by increasing seniors' Part D premiums and reducing plan choices for 2025.

In response, on Monday, July 29th, 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 away from large health insurers and 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

August 16, 2024 marked the **second anniversary** of the IRA being signed into law. Unfortunately, we continue to see the detrimental results of Congressional Democrats hastily pushing this partisan bill through the legislative process and Vice President Kamala Harris casting the deciding vote in the U.S. Senate.

Because of **Democrats' rushed, partisan policymaking in the IRA**, America's seniors now face skyrocketing premiums for prescription drug coverage next year. This will constrict their choices when making health coverage decisions for next year.

**To cover up rising premiums ahead of November**, the Biden-Harris Administration announced a new demonstration program, which will buy down premium increases by sending billions of taxpayer dollars directly to large insurance companies.

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.

