



U.S. House of Representatives
COMMITTEE ON THE BUDGET
Washington, DC 20515-6065

May 20, 2026

The Honorable Phillip Swagel
Director
Congressional Budget Office
Ford House Office Building
Washington, D.C. 20515

Dear Director Swagel,

On February 11, 2026, the Congressional Budget Office (CBO) released “The Budget and Economic Outlook: 2026 to 2036,” commonly known as the “baseline.”¹ The baseline reiterates a concerning reality: the nation faces unsustainable debts and deficits driven by rising mandatory spending.

Included within the baseline, under “Technical Changes to Outlays,” is an upward revision of \$1 trillion, or a 7 percent increase, in projected Medicare outlays compared to the 2025 baseline. This revision includes a \$600 billion increase in projected Medicare Part D outlays about which CBO stated the following:

Bids from private insurance plans that administer the Part D benefit anticipate a 35 percent increase in their annual per-enrollee costs in 2026, which was higher than CBO had expected. As a result, CBO increased its projection of Medicare spending on prescription drugs over the 2026–2035 period by \$0.6 trillion. Part D spending per beneficiary in 2035 is now projected to be more than \$4,000, up from less than \$3,000 in the January 2025 baseline.²

When CBO initially scored the *Inflation Reduction Act* (IRA) [P.L. 117-169], CBO estimated its three primary Medicare prescription drug provisions would result in a decrease in deficits of \$129 billion.³ CBO has now conceded that the initial projections of those provisions have not come to fruition.⁴ While CBO initially projected the redesign of Medicare Part D to cost

¹ CONGRESSIONAL BUDGET OFFICE (CBO), *The Budget and Economic Outlook: 2026 to 2036* (Feb. 2026), <https://www.cbo.gov/system/files/2026-02/61882-Outlook-2026.pdf>.

² *Id.* at 115 – 117.

³ CBO initially scored the IRA’s Drug Price Negotiation, Inflation Rebate, and Part D redesign provisions to, on net, reduce the deficit by \$129 billion. CBO estimated the Part D redesign alone to increase the deficit by \$30 billion.

⁴ CBO, *A Call for New Research in the Area of Spending on Medicare Part D* (Nov. 21, 2025), <https://www.cbo.gov/publication/61824>; see also CBO, *Effects of the 2022 Reconciliation Act’s Drug Provisions: What Have We Learned So Far and What Questions Remain?* (Sept. 12, 2025), <https://www.cbo.gov/system/files/2025-09/61547-Drug-Provisions-2022-Reconciliation.pdf>.

\$25 billion, it appears that provision alone may cost hundreds of billions more.⁵ In fact, CBO now projects Part D spending to be \$1 trillion higher over the next 10 years than over the 10 years under the 2023 baseline, the first baseline released following passage of the IRA, including an additional \$500 billion between 2026 and 2033.⁶ Instead, the IRA’s drug pricing provisions have led to the significant increase in projected spending CBO now reflects in its baseline.

CBO has previously acknowledged growth in Part D costs far beyond initial expectations. Specifically, CBO has noted per-enrollee cost growth of “20 percent in 2024, 42 percent in 2025, and 35 percent in 2026,” when “CBO expected that such costs would increase by roughly 5 percent.”⁷ CBO previously responded⁸ to an inquiry from the House Budget Committee regarding increases in Medicare Part D spending after the IRA, in which CBO confirmed that the Biden-Harris administration’s “Premium Stabilization Demonstration” spent an additional \$7 billion in an attempt to offset the cost of rising premiums. Most recently, the Government Accountability Office confirmed that the Medicare program spent \$9.8 billion on premium stabilization under the demonstration.⁹

This history of upward revisions in CBO’s analysis of the drug pricing provisions of the IRA raises concerns regarding CBO’s accuracy upon first analyzing the bill and ability to accurately project future spending when evaluating legislation.

We request that CBO provide answers to the following questions regarding its scoring of the *Inflation Reduction Act* and updated Part D outlay projections:

1. How has CBO’s latest projection of Part D spending changed relative to its pre-IRA baseline? How much of that change is due to the Part D redesign? How have the price savings from the first two years of drug price negotiation compared to CBO’s original estimates? How has CBO’s projection of Part B and Part D inflation rebate collections changed since its IRA estimate?
2. When CBO initially scored the IRA, what were its major points of uncertainty, and how does the actual cost or savings of the drug pricing provisions compare to its projections?
3. Prior to the Part D redesign under the IRA, what did CBO project Part D spending per member per month to be? Did CBO estimate what Part D spending per member per month would be for the original estimate of the IRA?

⁵ CBO, *Summary: Estimated Budgetary Effects of H.R. 5376, the Inflation Reduction Act of 2022, as Amended in the Nature of a Substitute (ERN22335) and Posted on the Website of the Senate Majority Leader on July 27, 2022* (Aug. 5, 2022), https://www.cbo.gov/system/files/2022-08/hr5376_IR_Act_8-3-22.pdf.

⁶ CBO, *Baseline Projections: Medicare* (May 2023), <https://www.cbo.gov/system/files/2023-05/51302-2023-05-medicare.pdf>.

⁷ *Id.* at 3.

⁸ Letter from Phillip L. Swagel, Director, Congressional Budget Office to The Honorable Jodey Arrington, The Honorable Cathy McMorris Rodgers, The Honorable Jason Smith, The Honorable Charles E. Grassley, and The Honorable Mike Crapo (Oct. 2, 2024), https://www.cbo.gov/system/files/2024-10/Arrington_et_al_Letter_PartD_0.pdf.

⁹ GOVERNMENT ACCOUNTABILITY OFFICE, *Medicare Part D: Implementation of Beneficiary Premium Stabilization Demonstration*, GAO-26-107935 (Feb. 26, 2026), <https://www.gao.gov/assets/gao-26-107935.pdf>.

4. What external data, academic papers, or expert input did CBO review when initially scoring these provisions of the IRA? Did these inputs align with the ultimate conclusion that these provisions would reduce deficits by \$129 billion? Which sources correctly estimated that the IRA's three primary Medicare drug provisions would, on net, lead to increases in deficits?
5. Has CBO reexamined modeling for Medicare Advantage Prescription Drug Plans and for stand-alone prescription drug plans under the redesign of Medicare Part D? Has CBO modeled the impact of increased expenditures on beneficiaries' benefits?
6. Since the implementation of Medicare Part D redesign, what has been the impact on the number of plans available to seniors? Does CBO incorporate plan availability into modeling generally?
7. How has CBO changed its modeling of Part D expenditures as a result of these upward revisions? How have CBO's behavioral assumptions for Part D beneficiaries' spending changed?

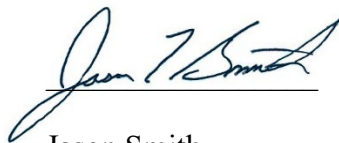
If you have any questions regarding this request, please contact CJ Mahler (CJ.Mahler@mail.house.gov) with the House Committee on the Budget, Preston Bell (Preston.Bell1@mail.house.gov) with the House Committee on Ways and Means, and Nick Wooldridge (Nick.Wooldridge@mail.house.gov) with the House Committee on Energy and Commerce.

Thank you for your attention to this matter.

Sincerely,



Jodey C. Arrington
Chairman
Committee on the Budget



Jason Smith
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Means



Brett Guthrie
Chairman
Committee on Energy and
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