

Lowering Drug Costs for American Families Act

Section 1. Short Title

Section 1 includes the title of the Act, which is the “Lowering Drug Costs for American Families Act.”

TITLE 1 – DRUG PRICE NEGOTIATION PROGRAM

Section 101. Expanding the Drug Price Negotiation Program.

Section 101(a) amends Section 1192(a)(4) of the Social Security Act to expand the number of drugs subject to negotiation for the initial price applicability year 2029 and each subsequent year thereafter from 20 to 50.

Section 101(b) expands the definition of Maximum Fair Price (MFP) Eligible Individual under Section 1191(c)(2) of the Social Security Act to include an individual who is enrolled under a group health plan or health insurance coverage offered in the group or individual market.

Section 101(c) applies the administrative procedures required under Section 1196(a)(3) of the Social Security Act to also incorporate additional MFP Eligible Individuals, as defined in Section 2(b).

Section 101(d) inserts a new section into title XI of the Social Security Act to establish that a group health plan or health insurance issuer offering group or individual health insurance coverage shall be treated as having in effect an agreement for the purposes of applicability of the drug price negotiation program unless a plan or issuer affirmatively elects not to participate under the program.

Section 101(e) amends Part D of title XXVII of the Public Health Service Act, part 7 of subtitle B of title I of the Employee Retirement Income Security Act, and chapter 100 of the Internal Revenue Code of 1986 to extend the drug price negotiation program and the application of MFP to a group health plan or health insurance issuer offering group or individual health insurance coverage with an agreement in effect. The section requires plans and issuers with an agreement in effect to apply the MFP when determining cost-sharing with respect to selected drugs and prohibits cost-sharing from exceeding the MFP. This section also ensures these savings are available to retiree-only plans.

Section 102. Requiring Consideration of International Prices Under Drug Price Negotiation Program.

Section 102 amends section 1194(e) of the Social Security Act to require the Secretary consider the prices of other developed countries when negotiating the price for the selected drug, beginning for initial price applicability years on or after January 1, 2028.

Section 103. Repealing Certain Changes to the Drug Price Negotiation Program Made By Public Law 119-21.

Section 103 repeals Section 71203 of Public Law 119-21, which expanded the exclusion for orphan drugs under the Drug Price Negotiation Program.

TITLE II – PRESCRIPTION DRUG INFLATION REBATES

Section 201. Application of Prescription Drug Inflation Rebates to Drugs Furnished in the Commercial Market

Section 201(a) amends section 1847A(i) of the Social Security Act to apply the Part B inflation rebate to drugs furnished in the commercial market.

Section 201(b) amends section 1860D-14B of the Social Security Act to apply the inflation rebate for Covered Part D drugs to drugs furnished in the commercial market.

TITLE III – OUT-OF-POCKET LIMIT FOR PRESCRIPTION DRUGS

Section 301. Establishing an Out-of-Pocket Limit on Expenditures for Prescription Drugs Under Group Health Plans and Group and Individual Health Insurance Coverage.

Section 301(a) amends Title XXVII of the Public Health Service Act to establish cost-sharing limitations for a group health plan and a health insurance issuer offering group or individual health insurance coverage beginning in plan year 2027. For plan year 2027, the out-of-pocket limit is \$2,000. For plan years beginning in 2028 and subsequent years, this out-of-pocket limit is increased by the premium adjustment percentage for that calendar year.

Section 301(b) amends Subpart B of part 7 of Subtitle B of title I of the Employee Retirement Income Security Act to establish cost-sharing limitations for a group health plan and a health insurance issuer offering group health insurance coverage beginning in plan year 2027. For plan year 2027, the out-of-pocket limit is \$2,000. For plan years beginning in 2028 and subsequent years, this out-of-pocket limit is increased by the premium adjustment percentage for that calendar year.

Section 301(c) amends Subchapter B of chapter 100 of the Internal Revenue Code to establish cost-sharing limitations for a group health plan and a health insurance issuer offering group health insurance coverage beginning in plan year 2027. For plan year 2027, the out-of-pocket limit is \$2,000. For plan years beginning in 2028 and subsequent years, this out-of-pocket limit is increased by the premium adjustment percentage for that calendar year.

Section 301(d) includes conforming amendments to the Patient Protection and Affordable Care Act.

Section 301(e) states that this section shall apply with respect to plan years beginning on or after January 1, 2027.