

GAO Highlights

Highlights of [GAO-25-106996](#), a report to congressional committees

Why GAO Did This Study

The IRA requires changes to prescription drug coverage under Medicare Part B (which generally covers physician-administered drugs) and Part D (which provides voluntary prescription drug coverage). The IRA established two programs—the negotiation program and inflation rebate program—that aim to lower the prices Medicare and beneficiaries pay for prescription drugs.

The IRA included a provision for us to support oversight of the use of funds appropriated in the IRA. This report (1) describes CMS's implementation of the negotiation program, (2) describes CMS's implementation of the inflation rebate program, and (3) assesses CMS's plans for using funds for both programs.

For all objectives, GAO reviewed CMS documentation, including agency guidance and its spending planning documents, and interviewed CMS officials.

April 2025

INFLATION REDUCTION ACT OF 2022

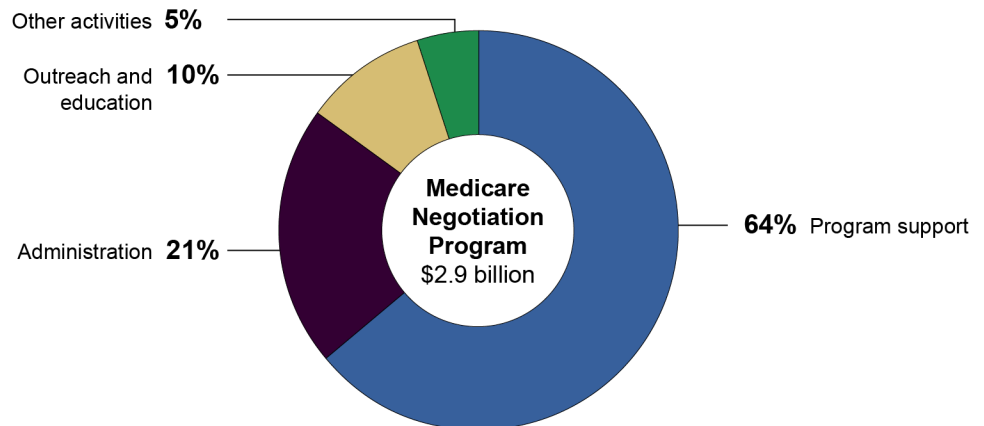
Initial Implementation of Medicare Drug Pricing Provisions

What GAO Found

The Centers for Medicare & Medicaid Services (CMS) has begun implementing the Medicare drug price negotiation program (negotiation program) and Medicare prescription drug inflation rebate program (inflation rebate program), as the Inflation Reduction Act of 2022 (IRA) requires. The negotiation program requires CMS to negotiate prices for certain high-expenditure drugs. The inflation rebate program requires drug manufacturers to pay CMS a rebate if the prices of certain Medicare-covered drugs increase faster than the rate of inflation. As of December 2024, CMS's implementation of the negotiation program has included, for example, hiring staff, issuing program implementation guidance, and drug price negotiation. In August 2024, CMS announced negotiated prices for the first 10 drugs selected for negotiation, and these prices will go into effect in 2026. CMS's implementation of the inflation rebate program has included, for example, hiring program staff, issuing guidance and regulations, and developing program infrastructure to support rebate invoicing. CMS plans to begin invoicing manufacturers for rebates in late 2025.

GAO found that CMS's plans for monitoring appropriated funds for the negotiation and inflation rebate programs are consistent with relevant federal internal control principles. As of December 2024, CMS plans to obligate approximately \$2.9 billion of the \$3 billion in negotiation program appropriated funds from fiscal years 2022 through 2033. CMS plans to use the majority—85 percent—of actual and planned obligations for program support—including contractors to support access to negotiated prices by pharmacies and other dispensing entities—and administration.

Centers for Medicare & Medicaid Services' Total Planned Obligations to Implement the Medicare Negotiation Program, Fiscal Years 2022-2033



Source: GAO analysis of Centers for Medicare & Medicaid Services documentation. | GAO-25-106996

CMS plans to obligate approximately \$155 million of the \$160 million in inflation rebate program appropriated funds from 2022 through 2031. CMS plans to use the majority—approximately 82 percent—of actual and planned obligations for rebate operations, administration, and program support.

View [GAO-25-106996](#). For more information, contact John E. Dicken at dickenj@gao.gov.