

Presidential Documents

Executive Order 14087 of October 14, 2022

Lowering Prescription Drug Costs for Americans

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy. Too many Americans face challenges paying for prescription drugs. On average, Americans pay two to three times as much as people in other countries for prescription drugs, and one in four Americans who take prescription drugs struggle to afford their medications. Nearly 3 in 10 American adults who take prescription drugs say that they have skipped doses, cut pills in half, or not filled prescriptions due to cost.

On July 9, 2021, I signed Executive Order 14036 (Promoting Competition in the American Economy), which directed various actions in pursuit of my Administration's policy to improve competition, increase wages, and reduce prices for prescription drugs, among other goods and services. In response to Executive Order 14036, the Department of Health and Human Services (HHS) submitted a report to the White House Competition Council calling for bold legislative and administrative actions to lower drug prices.

On August 16, 2022, I signed Public Law 117-169, commonly referred to as the Inflation Reduction Act of 2022 (IRA), which will lower the cost of prescription drugs and save millions of Americans hundreds or thousands of dollars per year. The IRA will protect Medicare beneficiaries from catastrophic drug costs by phasing in a cap for out-of-pocket costs at the pharmacy and establishing a \$35 monthly cap per prescription for insulin covered by a Medicare prescription drug plan and insulin delivered through traditional pumps. Starting this January, Medicare beneficiaries with prescription drug coverage will pay \$0 out of pocket for recommended adult vaccines (including the shingles vaccine). The IRA will also require certain companies to pay Medicare rebates if they increase the prices of drugs used by Medicare beneficiaries faster than the rate of inflation. In addition, the Secretary of HHS (Secretary) will be able to negotiate prices for selected high-cost prescription drugs for Medicare beneficiaries for the first time ever. Following the passage of the IRA, HHS has taken critical steps to swiftly implement these historic provisions in order to deliver results and lower health care costs for the American people.

As my Administration works to implement the IRA, it is critical that we take additional actions to complement the IRA and further drive down prescription drug costs. Within HHS, the Center for Medicare and Medicaid Innovation ("Innovation Center") tests health care payment and delivery models to improve health care quality and make the delivery of health care more efficient. In June 2022, the Innovation Center announced a new model to improve cancer care and lower health care costs for cancer patients, including prescription drug costs. The Innovation Center provides my Administration and the American people with a useful set of tools to help lower health care costs and improve quality of care, and its work can advance the continued policy of my Administration to lower the cost of prescription drugs.

Sec. 2. HHS Actions. In furtherance of the policy set forth in section 1 of this order, the Secretary shall, consistent with the criteria set out in 42 U.S.C. 1315a(b)(2), consider whether to select for testing by the Innovation Center new health care payment and delivery models that would lower

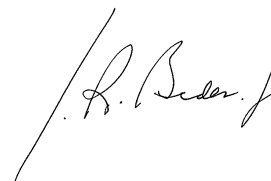
drug costs and promote access to innovative drug therapies for beneficiaries enrolled in the Medicare and Medicaid programs, including models that may lead to lower cost-sharing for commonly used drugs and support value-based payment that promotes high-quality care. The Secretary shall, not later than 90 days after the date of this order, submit a report to the Assistant to the President for Domestic Policy enumerating and describing any models that the Secretary has selected. The report shall also include the Secretary's plan and timeline to test any such models. Following the submission of the report, the Secretary shall take appropriate actions to test any health care payment and delivery models discussed in the report.

Sec. 3. General Provisions. (a) Nothing in this order shall be construed to impair or otherwise affect:

- (i) the authority granted by law to an executive department or agency, or the head thereof; or
- (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.



THE WHITE HOUSE,
October 14, 2022.