

Biden's billion-dollar Medicare bet

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CURBING A MEDICARE PREMIUM HIKE — President Joe Biden's signature domestic achievement is likely to [cause a major spike in Medicare premiums](#) next year for millions of Americans, POLITICO's Robert King and David Lim report.

Now the administration seeks to dole out billions of dollars to private insurers in a bid to blunt the hikes expected right before the election.

The jump in premiums is due to changes in the 2022 Inflation Reduction Act taking effect next year that reduce drug costs for older Americans. Insurers must now cover what patients used to pay and are raising drug premiums to compensate.

The administration released a program that would give insurers an extra \$15 per member a month amid other changes. Republicans balked at the program, saying it is a cynical ploy to avoid bad headlines right before the November election.

“It’s using the federal treasury for political advantage,” said Sen. Bill Cassidy (R-La.). “This is a way for the executive branch to implement a policy which has very positive political ramifications for them, but with very sketchy legal standing.”

Top Republicans in Congress have asked [the Government Accountability Office](#) to investigate the program as well.

Senate Democrats, however, counter that the program is needed to stabilize the market for Medicare Part D, the prescription drug benefit.

“The Biden-Harris administration is taking additional steps that I fully support to keep premiums stable as insurance companies learn how to be competitive in this market,” said Sen. Ron Wyden (D-Ore.), chairman of the Senate Finance Committee.

CMS said the agency has installed such programs before when major changes are introduced into Part D. For example, the George W. Bush administration implemented several of them in 2006 and 2007 after the Part D market was created.

The agency projected the program will cost \$5 billion in its first year if all standalone Medicare Part D plans participate. CMS declined to say how many have signed up since the deadline for participation passed last week.

“The Treasury is going to borrow more money to do this,” Cassidy said. “I don’t see them as being particularly hyper aware of the potential cost of all this. I don’t think it matters to them, but it should matter to us as taxpayers.”