

Emily Gee
Senior Vice President for Inclusive Growth, Center for American Progress

Testimony Before the House Subcommittee on Economic Growth, Energy Policy, and
Regulatory Affairs and Subcommittee on Health Care and Financial Services Hearing on
“Mandates, Meddling, and Mismanagement: The IRA’s Threat to Energy and Medicine”

May 20, 2025

Chairmen Burlison and Grothman, Ranking Members Krishnamoorthi and Frost, members of the subcommittees, thank you for inviting me to testify before you about how the Inflation Reduction Act has lowered health care and energy costs for American families while investing in a future powered by clean energy.

I am the Senior Vice President for Inclusive Growth at the Center for American Progress, an independent, nonpartisan policy institute that is dedicated to improving the lives of all Americans. I oversee the organization’s efforts on economic policy and health policy. Prior to joining American Progress, I served as an economist on the staff of the Council of Economic Advisers in the White House and at the U.S. Department of Health and Human Services.

Inflation Reduction Act lowered costs for American families

The Inflation Reduction Act made historic investments to address climate change, setting up the United States to compete in the global clean energy economy and strengthening our supply chains.¹ The law also took aim at high health care costs, with a suite of reforms to make prescription drugs and health insurance more affordable. In the nearly three years since its passage, the law has sparked private sector investment, spurred new jobs, and lowered costs for clean energy and health care for American families. This week, however, the budget reconciliation bill under consideration by this Congress directly puts those gains in jeopardy.

Lower health care costs and greater health insurance coverage

The Inflation Reduction Act’s health care provisions have lowered prescription drug costs for seniors and others on Medicare and enhanced financial assistance with health insurance premiums for those who buy coverage on their own.² All too often, high prices prevent Americans from obtaining the medication they need. In 2023, 31 percent of Americans reported

¹ U.S. Department of Energy, “Inflation Reduction Act of 2022” (Washington: 2023), available at <https://www.energy.gov/lpo/inflation-reduction-act-2022>.

² Lovisa Gustafsson and Sara R. Collins, “The Inflation Reduction Act is a Milestone Achievement in Lowering Americans’ Health Care Costs,” The Commonwealth Fund, August 15, 2022, available at <https://www.commonwealthfund.org/blog/2022/inflation-reduction-act-milestone-achievement-lowering-americans-health-care-costs>.

not taking their medications as prescribed due to cost. The United States pays far more than other countries; one study found that U.S. prices for branded drugs were triple those in peer nations.³

The Inflation Reduction Act included landmark reforms to tackle the high cost of prescription drugs. Importantly, the law included multiple measures to protect Medicare beneficiaries from high out-of-pocket costs. It established a new limit on out-of-pocket drug spending, which took full effect this year. That \$2,000 limit is estimated to save \$600 on average among the 11 million beneficiaries who would have otherwise had out-of-pocket spending beyond it.⁴ The law capped the cost-sharing for insulin, life-sustaining medicine for those with diabetes, at \$35 per month and made recommended vaccines available at no cost.⁵ And the law expanded the low-income subsidy program for Part D and made other benefit design changes to enable beneficiaries to spread costs out over time, rather than facing large upfront costs early each year.

The IRA is generating savings by requiring that drug companies rebate for price hikes above inflation. For example, in the first quarter of this year, there were 64 Part B rebatable drugs, with per-day coinsurance amounts up to \$10,818 lower due to rebates.⁶ And, lastly, the law empowered the Centers for Medicare and Medicaid Services (CMS) to negotiate lower drug prices for the first time. Within a set of criteria, CMS is charged with negotiating prices for prescription drugs with the highest overall spending in Part B and Part D of Medicare.⁷ By 2030, Medicare will have negotiated lower prices for 80 drugs.⁸ This year, the list of 15 drugs includes medications to treat asthma, breast cancer and prostate cancer, and diabetes.⁹

The IRA expanded insurance coverage by enhancing financial assistance to people who purchase coverage through the health insurance marketplaces and making financial help newly available to more middle-class families. After the IRA, the uninsurance rate fell below 8 percent,¹⁰ a historic

³ Office of the Assistant Secretary for Planning and Evaluation, "Comparing Prescription Drugs in the U.S. and Other Countries: Prices and Availability" (Washington: 2024), available at <https://aspe.hhs.gov/reports/comparing-prescription-drugs>.

⁴ Office of the Assistant Secretary for Planning and Evaluation, "Inflation Reduction Act Research Series: Projecting the Impact of the \$2,000 Part D Out-Of-Pocket Cap for Medicare Part D Enrollees with High Prescription Drug Spending" (Washington: 2025), available at <https://aspe.hhs.gov/reports/impact-ira-2000-cap>.

⁵ Juliette Cubanski and Tricia Neuman, "The Facts About the \$35 Insulin Copay Cap in Medicare," KFF, June 12, 2024, available at <https://www.kff.org/policy-watch/the-facts-about-the-35-insulin-copay-cap-in-medicare/>.

⁶ Centers for Medicare and Medicaid Services, "Fact Sheet: Reduced Coinsurance for Certain Part B Rebatable Drugs Under the Medicare Prescription Drug Inflation Rebate Program" (Washington: 2024), available at <https://www.cms.gov/files/document/reduced-coinsurance-certain-part-b-rebatable-drugs-january-1-march-31-2025.pdf>.

⁷ Juliette Cubanski, Tricia Neuman, and Meredith Freed, "Explaining the Prescription Drug Provisions in the Inflation Reduction Act," KFF, January 24, 2023, available at <https://www.kff.org/medicare/issue-brief/explaining-the-prescription-drug-provisions-in-the-inflation-reduction-act/>.

⁸ Nicole Rapfogel, "5 Facts To Know About Medicare Drug Price Negotiation," Center for American Progress, August 30, 2023, available at <https://www.americanprogress.org/article/5-facts-to-know-about-medicare-drug-price-negotiation/>.

⁹ Centers for Medicare and Medicaid Services, "Medicare Drug Price Negotiation Program: Selected Drugs for Initial Price Applicability Year 2027" (Washington: 2025), available at <https://www.cms.gov/files/document/factsheet-medicare-negotiation-selected-drug-list-ipay-2027.pdf>.

¹⁰ Elizabeth M. Briones and Robin A. Cohen, "Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, January–June 2024" (National Center for Health Statistics, 2024), available at <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur202412.pdf>.

low. This year, a record 24 million people selected plans through the marketplaces.¹¹ However, absent action by Congress, the enhanced subsidies will expire, meaning that most marketplace consumers will see higher premiums when they shop for plans for 2026 coverage this fall.

New clean energy investments and lower energy costs

The Inflation Reduction Act has spurred hundreds of billions of dollars in public and private sector investments in manufacturing and infrastructure. By decarbonizing our economy and accelerating the transition to clean energy, the law will lower energy prices, create new jobs, and provide a healthier environment for ourselves and future generations.

The IRA put America on track to be a leader in clean manufacturing, energy, and technologies, and has led to \$843 billion in announced clean investments across the country in the past three years.¹² Since the passage of the IRA, \$321 billion has already been invested in manufacturing, clean electricity, and industrial facilities, and over 2,300 new facilities have opened across the United States.¹³ Private companies have invested over \$100 billion in manufacturing of clean energy and vehicle technologies, which is quadruple the investment of the previous two years.¹⁴

But \$522 billion of clean energy investments has not gone out the door and is still at risk of being canceled, depending on the continuation of IRA tax credits and programs.¹⁵ The projects that have been completed have already created over 300,000 jobs, but there are another 600,000 potential jobs for projects that have been announced but are still outstanding.¹⁶

The reconciliation bill puts the IRA's progress in peril

The budget reconciliation bill being considered by the House would roll back the progress made by the Inflation Reduction Act in expanding health coverage, lowering health care and energy costs, and creating jobs in the clean energy economy.

¹¹ Centers for Medicare and Medicaid Services, "Over 24 Million Consumers Selected Affordable Health Coverage in ACA Marketplace for 2025," Press release, January 17, 2025, available at <https://www.cms.gov/newsroom/press-releases/over-24-million-consumers-selected-affordable-health-coverage-aca-marketplace-2025>.

¹² Rhodium Group and MIT Center for Energy and Environmental Policy Research, "Clean Investment Monitor: Q1 2025 Update" (2025), available at https://cdn.prod.website-files.com/64e31ae6c5fd44b10ff405a7/6823633247bb9cf92a074eb5_Clean%20Investment%20Monitor_Q1%202025.pdf.

¹³ Rhodium Group and MIT Center for Energy and Environmental Policy Research, "Clean Investment Monitor: Q1 2025 Update" (2025), available at https://cdn.prod.website-files.com/64e31ae6c5fd44b10ff405a7/6823633247bb9cf92a074eb5_Clean%20Investment%20Monitor_Q1%202025.pdf.

¹⁴ Rhodium Group and MIT Center for Energy and Environmental Policy Research, "Clean Investment Monitor: Q1 2025 Update," May 13, 2025, available at <https://www.cleaninvestmentmonitor.org/>.

¹⁵ Brad Plumer and Harry Stevens, "A Clean Energy Boom Was Just Starting. Now, a Republican Bill Aims to End It," The New York Times, May 13, 2025, available at <https://www.nytimes.com/2025/05/13/climate/ira-republican-tax-bill-clean-energy.html>.

¹⁶ CAP analysis of Rhodium's data: Rhodium Group and MIT Center for Energy and Environmental Policy Research, "Clean Investment Monitor: Q1 2025 Update" (2025), available at https://cdn.prod.website-files.com/64e31ae6c5fd44b10ff405a7/6823633247bb9cf92a074eb5_Clean%20Investment%20Monitor_Q1%202025.pdf.

The bill includes the largest cut to Medicaid in the program's history. As a result of those cuts to Medicaid, the expiration of premium tax credits later this year, and other changes to marketplace rules, 14 million more Americans will be uninsured by 2034.¹⁷ To put it plainly, the bill would attain hundreds of billions of savings from Medicaid only by taking away health coverage from millions of people. The bill imposes burdensome work reporting requirements on Medicaid enrollees, despite the fact that 92 percent of working-age adults covered by Medicaid are already working or have circumstances that would exempt them from work requirements.¹⁸ Experience from states that have implemented work requirements shows that red tape trips up those eligible for Medicaid and administering programs is costly.¹⁹ For example, Georgia paid \$50 million to private contractor Deloitte to stand up its Medicaid work reporting requirement program.²⁰ In the end, only 3 percent of those with Medicaid-eligible incomes successfully enrolled in coverage.²¹ The bill also calls for shifting more costs onto states and onto beneficiaries, forcing state programs to include as much as \$35 per service in cost-sharing for health care services, thereby increasing the out-of-pocket cost burden on low-income people and deterring them from seeking needed care.²²

Medicaid cuts would have consequences beyond the Medicaid program itself, in the health care system and state economies more broadly. The increase in the number of uninsured people means that hospitals will be faced with providing more uncompensated care, a threat to financial sustainability that could push the nation's 190 rural hospitals already at immediate risk of closure past the brink.²³ One recent study estimated that a work reporting requirement for adults covered by Medicaid could result in the loss of nearly 450,000 jobs in health care and other industries.²⁴

The reconciliation bill would undo IRA provisions aimed at transitioning the United States to clean energy, boosting domestic manufacturing, and lowering energy costs. If the proposals from the Ways and Means Committee go through, annual home electric bills would increase \$70 on average in the next five years, and American families would be forced to pay the oil and gas

¹⁷ Ranking Member Frank Pallone, Jr, Richard E. Neal, and Ron Wyden, "E&C Reconciliation Recommendations," House Energy and Commerce Committee, May 11, 2025, available at <https://democrats-energycommerce.house.gov/sites/evo-subsites/democrats-energycommerce.house.gov/files/evo-media-document/cbo-emails-re-e%26c-reconciliation-scores-may-11%2C-2025.pdf>.

¹⁸ Elizabeth Hinton and Robin Rudowitz, "5 Key Facts About Medicaid Work Requirements," KFF, February 18, 2025, available at <https://www.kff.org/medicaid/issue-brief/5-key-facts-about-medicaid-work-requirements/>.

¹⁹ Natasha Murphy, "5 Facts About Medicaid Work Requirements," Center for American Progress, April 25 2025, available at <https://www.americanprogress.org/article/5-facts-about-medicaid-work-requirements/>.

²⁰ Margaret Coker, "The Firm Running Georgia's Struggling Medicaid Experiment Was Also Paid Millions to Sell It to the Public," ProPublica, May 14, 2025, available at <https://www.propublica.org/article/deloitte-georgia-medicaid-work-requirement-pathways-campaign>.

²¹ Georgia Budget and Policy Institute and Georgians for a Healthy Future, "Public Has Until June 1 to Comment on Georgia's Medicaid Work Requirements as Coverage Barriers Persist," Press release, May 13, 2025, available at <https://gbpi.org/public-has-until-june-1-to-comment-on-georgias-medicaid-work-requirements-as-coverage-barriers-persist/>.

²² KFF, "Tracking the Medicaid Provisions in the 2025 Reconciliation Bill," May 14, 2025, available at <https://www.kff.org/tracking-the-medicaid-provisions-in-the-2025-budget-bill/>.

²³ Kierra Jones, Natasha Murphy, and Andrea Ducas, "Medicaid Cuts Would Threaten Rural Hospitals," Center for American Progress, April 28, 2025, available at <https://www.americanprogress.org/article/medicaid-cuts-would-threaten-rural-hospitals/>.

²⁴ Leighton Ku and others, "How National Medicaid Work Requirements Would Lead to Large-Scale Job Losses, Harm State Economies, and Strain Budgets" (New York, NY: The Commonwealth Fund, 2025), available at <https://www.commonwealthfund.org/publications/issue-briefs/2025/may/medicaid-work-requirements-job-losses-harm-states>.

industry an additional \$339 billion for gasoline and \$75 billion for electricity by 2035, according to analysis from Rhodium Group.²⁵

As a result of the termination of IRA clean investments, Rhodium's model finds that there would be between 22 million and 40 million fewer electric vehicles on the road in 2035. That means that roughly one-third of the families who would have switched to an electric vehicle in the coming decade would instead continue to drive gas-powered cars or trucks for lack of the financial support offered by these tax incentives.²⁶ As a result, gasoline prices would rise 25 to 37 cents per gallon by 2035, as demand for oil increases due to the termination of federal electric vehicle affordability programs, fuel economy standards, and tailpipe emission standards.

Rolling back the IRA's gains would hamper the U.S. economy

The reconciliation bill would add to threats to the U.S. economy, coming at a time when decades-high tariffs are driving up policy uncertainty and depressing consumer sentiment.²⁷ The Trump administration's tariffs will add to inflation, raising prices by 1.4 percent and costing American families about \$2,300 annually.²⁸ The chaotic nature of the administration's tariff policy is making it difficult for households and businesses to plan and confidently make spending and investment decisions.²⁹

The bill makes devastating cuts to countercyclical programs that help Americans meet their basic needs during recessions.³⁰ Medicaid is one. Another is the Supplemental Nutrition Assistance Program (SNAP), which helps 42 million Americans put food on the table.³¹ As a result of at least \$290 billion in SNAP cuts in the bill, 3 million people would lose their nutrition assistance.³² And over the longer run, by adding \$2.7 trillion to the deficit over the next decade—and \$4.5 trillion if its temporary provisions are instead continued—the bill will drive up interest rates and the cost of borrowing for businesses and for consumers for car loans,

²⁵ Trevor Higgins, "The House Republican Plan To Increase Gas and Electricity Prices," Center for American Progress, May 16, 2025, available at <https://www.americanprogress.org/article/the-house-republican-plan-to-increase-gas-and-electricity-prices/>.

²⁶ Trevor Higgins, "The House Republican Plan To Increase Gas and Electricity Prices," Center for American Progress, May 16, 2025, available at <https://www.americanprogress.org/article/the-house-republican-plan-to-increase-gas-and-electricity-prices/>.

²⁷ University of Michigan, "Preliminary Results for May 2025," available at <https://www.policyuncertainty.com/index.html>; <https://www.sca.isr.umich.edu/> (last accessed May 2025).

²⁸ The Budget Lab at Yale, "Trade State of U.S. Tariffs: May 12, 2025," May 12, 2025, available at <https://budgetlab.yale.edu/research/state-us-tariffs-may-12-2025>.

²⁹ Ryan Mulholland, Mike Williams, and Doug Molof, "The Trump Administration's Trade Wars Are Crushing U.S. Small Businesses," Center for American Progress, May 6, 2025, available at <https://www.americanprogress.org/article/the-trump-administrations-trade-wars-are-crushing-u-s-small-businesses/>.

³⁰ Kyle Ross, "Shifting SNAP Costs to States Would Make Future Recessions Worse," Center for American Progress, April 14, 2025, available at <https://www.americanprogress.org/article/shifting-snap-costs-to-states-would-make-future-recessions-worse/>.

³¹ U.S. Department of Agriculture, Economic Research Service, "Supplemental Nutrition Assistance Program (SNAP) – Key Statistics and Research," updated January 6, 2025, available at <https://www.ers.usda.gov/topics/food-nutrition-assistance/supplemental-nutrition-assistance-program-snap/key-statistics-and-research>.

³² Kyle Ross, "The House Republican SNAP Cuts Would Take Food From Hungry Families," Center for American Progress, May 12, 2025, available at <https://www.americanprogress.org/article/the-house-republican-snap-cuts-would-take-food-from-hungry-families/>.

mortgages, credit cards, and student loans while driving down wage growth, eventually leading to lower after-tax income.³³

What's more, these cuts to safety net programs and clean energy investments only serve to pay for enormous tax giveaways that disproportionately benefit the wealthy. This attack on working Americans could not be starker: the bill takes away food and health care from millions of low-income Americans while giving \$1.5 trillion in tax cuts to the top 5 percent while still driving up the debt.³⁴

It is an honor to speak before you today. I look forward to your questions.

³³ Alan Cohen, "Congressional Republicans' Tax Legislation Would Massively Increase Federal Debt, Even With Enormous Spending Cuts," Center for American Progress, May 15, 2025, available at <https://www.americanprogress.org/article/congressional-republicans-tax-legislation-would-massively-increase-federal-debt-even-with-enormous-spending-cuts/>; Author's analysis of Congressional Budget Office, "Projections of Deficits and Debt Under Alternative Scenarios for the Budget and Interest Rates" (Washington: 2025), available at <https://www.cbo.gov/publication/61255>.

³⁴ Bobby Kogan, "The House Republicans' Budget Bill Guts Basic Needs Programs for the Most Vulnerable Americans to Give Tax Breaks to the Rich," Center for American Progress, May 12, 2025, available at <https://www.americanprogress.org/article/the-house-republicans-budget-bill-guts-basic-needs-programs-for-the-most-vulnerable-americans-to-give-tax-breaks-to-the-rich/>; Center for American Progress analysis of The Joint Committee on Taxation, "Estimated Revenue Effects Of Provisions To Provide For Reconciliation Of The Fiscal Year 2025 Budget," available at <https://www.jct.gov/publications/2025/jcx-22-25r/> and "Distribution Of The Estimated Revenue Effects Of The Tax Provisions Of The Chairman's Amendment In The Nature Of A Substitute To The Budget Reconciliation Legislative Recommendations Related to Tax," available at <https://www.jct.gov/publications/2025/jcx-23-25/>.