

BLOOD PRESSURE: PLASMA ECONOMICS AND POLICY AFTER THE INFLATION REDUCTION ACT

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OBJECTIVE

Estimate the impact and risks of applying the Inflation Reduction Act's CPI-based price growth cap on plasma-derived therapies (PDTs), given the unique cost structure of plasma collection.

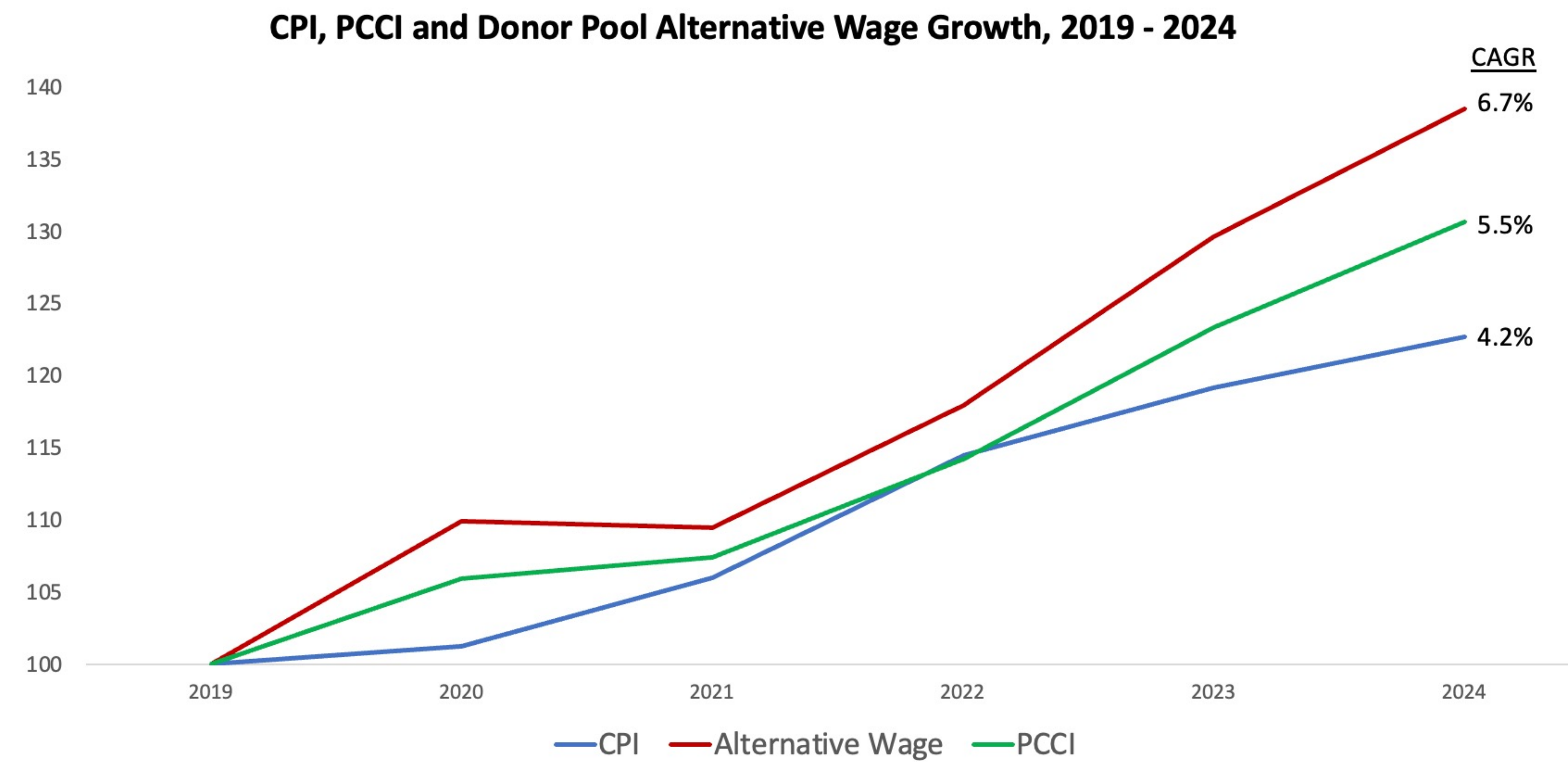
BACKGROUND

- Plasma-derived therapies (PDTs) treat life-threatening conditions including primary immunodeficiencies, neurological disorders, and hemophilia. The U.S. supplies 70% of global plasma; blood and related biologic products are the 9th largest U.S. export category; demand grows ~8% annually.¹
- PDTs have a fundamentally different cost structure than typical biopharmaceuticals: COGS is 57% (vs. 14%), with plasma collection alone representing 60% of COGS (one third of total costs), and 75% of collection costs labor-driven.²
- The IRA caps Medicare price growth at CPI. The policy was designed for high-margin drugs lacking competition — not for labor-driven, joint-production PDTs in a highly competitive market.

METHODS

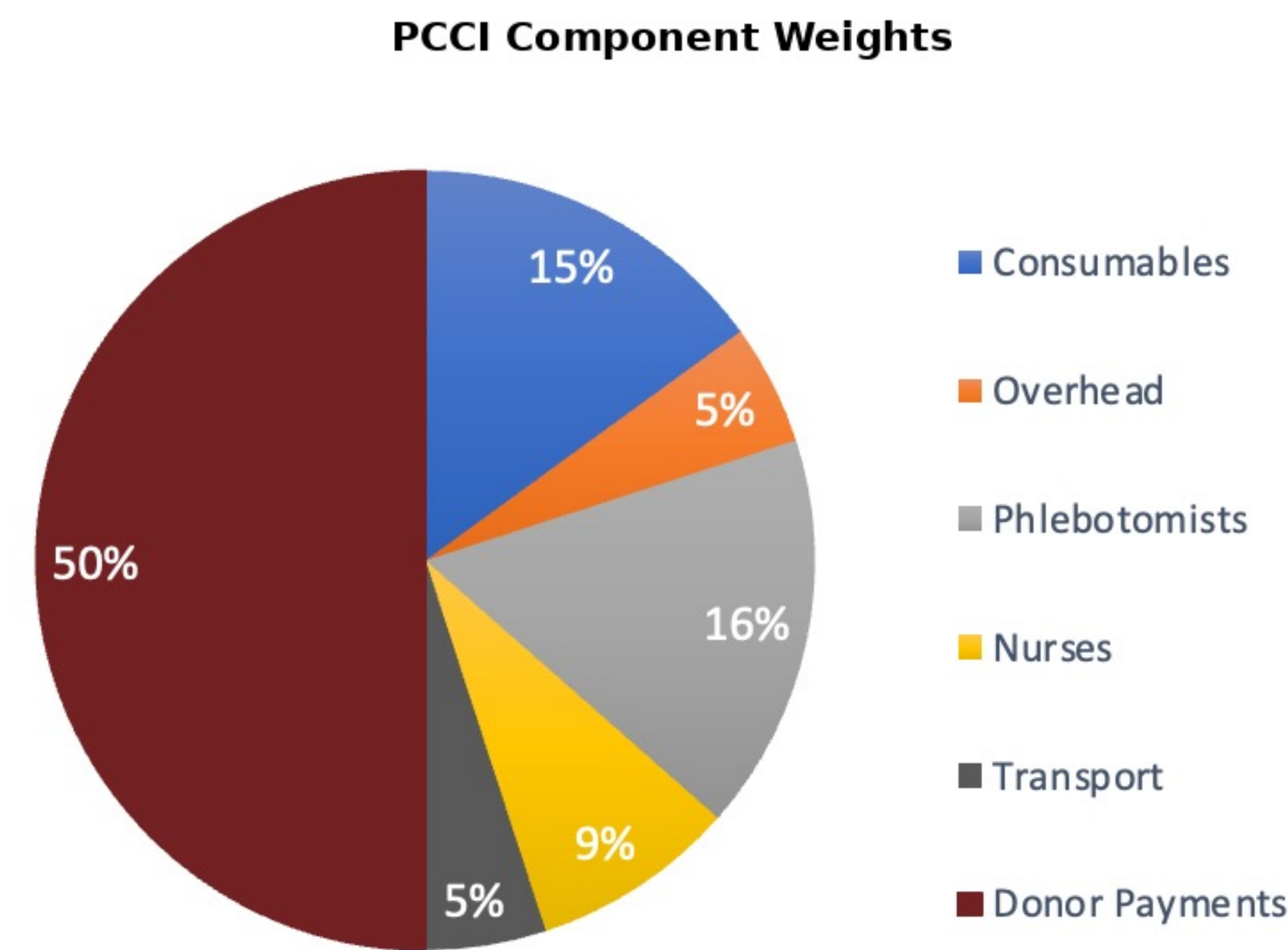
- We constructed a Plasma Collection Cost Index (PCCI) for 2019–2024 from public industry cost reports and BLS labor statistics, weighting input costs by their share of plasma collection.
- We applied weights as follows: donor payments 50%, phlebotomists 16%, nurses 9%, consumables 15%, transport 5%, overhead 5%.
- We tabulated median wages for the bottom quintile of U.S. earners as a proxy for donor payment pressure (typical donor income ≈ \$20,000).³
- We compared annual growth in PCCI, CPI-U, and weighted Ig ASP to assess margin compression under IRA inflation penalties.
- For comparison, we calculated a volume-weighted Medicare ASP for Ig from CMS Part B (2019–2023) using actual unit sales.⁴

Plasma Collection Costs Have Outpaced CPI Every Year — Driven by Sharp Wage Growth Among Low-Income Donors



PCCI grew at 5.5% CAGR vs. 4.2% CPI (2019–2024). Alternative wages for the bottom-quintile donor pool grew 6.7% — direct upward pressure on donor payments.

75% of Plasma Collection Costs Are Driven by Labor Markets — Donor Payments Alone Are 50% of the Index



When plasma economics deteriorate, patients suffer: Sample cases of IVIG shortages (2017–2022) in France, UK, Portugal, Spain, and Poland caused treatment delays, dose reductions, discontinuations, and clinical deterioration in patients with PID, SID, CIDP, LSS, MMN, and myasthenia gravis.⁵ Common drivers: low tender prices and pandemic-era collection drops of ~50%.

RESULTS

- PCCI grew 5.5% annually (2019–2024) vs. CPI of 4.2% — a 1.3 percentage-point gap that compounds rapidly.
- Donor payments rose from \$20–\$50 per donation in 2019 to \$45–\$100 by 2025; bottom-quintile wages grew 39% over 2019–2024 vs. 22% overall CPI growth.
- Prior to IRA inflation penalties, Medicare weighted-average ASP for Ig grew 22% cumulatively (2019–2023) — barely above CPI (19%) and below PCCI (23.3%). Manufacturers absorbed costs through margin compression.
- Plasma collection costs per liter rise as demand grows: the most productive sites are already occupied, so new centers must open in costlier locations while attracting more donors requires higher compensation.
- Innovation in adjacent therapies (e.g., gene therapies for hemophilia, novel albumin substitutes) is eroding byproduct revenue, further pressuring the joint-production economics that historically supported Ig supply.

POLICY IMPLICATIONS

Applying CPI-based price caps to PDTs creates automatic margin compression and threatens long-term U.S. supply for life-saving therapies. Potential policy responses to ensure ongoing supply include:

1. **IRA exemption for PDTs:** Allow price growth up to PCCI (not CPI) for products with COGS dominated by labor market conditions beyond their control.
2. **Reject MFN linkage for PDTs:** International reference prices reflect tender-driven commodity pricing and fundamentally different production economics.
3. **Preserve market-based Ig pricing:** ASP-based pricing has tracked near CPI under robust competition; further controls risk disrupting equilibrium.

REFERENCES

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3. U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U); Federal Reserve Bank of Atlanta, Wage Growth Tracker, 2019–2024.
4. CMS Medicare Part B Average Sales Price (ASP) data, 2019–2023.
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