



The Daily Dish

A Generous Deal for Medicaid?

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 21, 2026

As doubtless readers are aware – because who wouldn't be watching the Oval Office stream Friday at 3:30 p.m. – the president [announced](#) participation by all states in the [GENEROUS](#) drug pricing model. As the fact sheet put it:

ADVANCING MOST-FAVORED-NATION (MFN) PRICING IN MEDICAID: Today, President Donald J. Trump announced that all 50 States' Medicaid programs will benefit from lower prescription drug prices under his agreements with pharmaceutical manufacturers to match the lowest prices paid by other developed nations (known as the most-favored-nation, or MFN, prices).

Under the GENEROUS Medicaid Payment Model, participating pharmaceutical manufacturers will provide State Medicaid programs with rebates on expensive brand-name drugs to ensure the final price to Medicaid does not exceed the MFN price.

The model includes hundreds of individual drugs, across virtually all major drug classes, including those acutely important to Medicaid beneficiaries like oncology, diabetes care, and asthma.

Due to the President's MFN deals, Medicaid programs have already benefitted from one million free prescriptions of Eliquis, a widely used drug for heart disease.

Is this a big deal? Certainly, the president was generous in his assessment of the program. Per [The New York Times](#) “‘This one thing alone should win us the midterms,’ Mr. Trump said, reiterating a sentiment he has repeatedly expressed.” But it is harder to assess the impact on the Medicaid program.

To begin, the out-of-pocket cost is capped at between \$4 and \$8 per prescription for low-income beneficiaries, so this isn't a policy earthquake for most participants. It may make the Medicaid program cheaper overall and ease pressure on state budgets. AP [reports](#): "Trump said, 'Every state will have the ability to use those extra billions of dollars to invest in other healthcare improvements or something else.'"

True, but drug spending is only about [6 percent](#) of Medicaid spending. And it is exceedingly unclear what the actual impact will be. Not all drugs are covered by GENEROUS - only those that are part of deals negotiated between the administration and drug companies. And the terms of those deals are not public, so it is not possible to quantify the savings.

In short, it is unclear that this is a big deal even using the administration's standards. But stepping back, it is another example of abusing the notion of a model or pilot program by applying to the entire beneficiary population. And only in Medicaid, where market forces have been abused for decades, would importing price controls not stand out as an egregiously bad policy. Simply put, it is hard to defend this development based on policy principles. And that is grading generously.