



The Daily Dish

Athenian Capitalism

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The intellectual bankruptcy of Republican pharmaceutical policy is now complete.

Friday the Centers for Medicare and Medicaid Services (CMS) announced two Notice of Proposed Rulemakings (NPRMs) to implement “demos” of most-favored nation (MFN) drug pricing in Part B – Global Benchmark for Efficient Drug Pricing ([GLOBE](#)) – and Part D – Guarding U.S. Medicare Against Rising Drug Costs ([GUARD](#)).

There are lots of details, but the key facts are that in both cases participation is mandatory for all drug makers, they would apply to a huge swath of the United States (a random selection of 25 percent of all zip codes), they would last for 5 years, and drug prices would be based on 19 OECD countries: Australia, Austria, Belgium, Canada, Czechia, Denmark, France, Germany, Ireland, Israel, Italy, Japan, The Netherlands, Norway, South Korea, Spain, Sweden, Switzerland, and the United Kingdom. These so-called demos are anything but a demonstration project in the normal use of that term. And they are anything but a good idea.

A bit over two decades ago the Medicare Modernization Act delivered new Part B and, especially, Part D programs. The latter was an elegant harnessing of the power of private markets to deliver financial protection to seniors in the form of the federal government’s most efficient (and popular) entitlement program. After getting dinged up by the Obama Administration and mugged by the Biden Administration, the destruction will now be complete. They are, as James Taylor put it, “sweet dreams and flying machines in pieces on the ground.”

Friday also saw the president [announce](#) nine more MFN pricing “agreements” with manufacturers: Amgen, Bristol Myers Squibb, Boehringer Ingelheim, Genentech, Gilead Sciences, GSK, Merck, Novartis, and Sanofi. The agreements reduce prices on certain drugs, Medicaid programs access to MFN drug prices, require the companies to repatriate

increased foreign revenue on existing products, require the “donation” of active pharmaceutical ingredients, and require the companies to sell at steeper discount directly through *TrumpRx*.

It might not be very appealing, but it buys the companies protection from further White House assault. Greg Ip, who writes for *The Wall Street Journal*, has taken to calling the Trump Administration philosophy state capitalism. But Eakinomics thinks that is much too kind, probably because he’s Canadian. A more suitable label is Cosa Nostra capitalism, except that Trump’s world is where silence – especially a code of silence – goes to die. Let’s settle on Athenian capitalism in honor of their assertion that “the strong do what they have the power to do and the weak accept what they have to accept.”