



Press Release

Assessing the Magnitude of the Administration's Drug Pricing Rule

ANDREW EVANS | NOVEMBER 19, 2020

The Trump Administration is reportedly preparing to release an interim final rule pegging the prices of drugs in Medicare Part B to the lowest price paid in a set of comparable countries (the “most favored nation” rule, or MFN). A new AAF analysis finds that such a rule could result in revenues for manufacturers dropping by nearly \$13 billion for a subset of just 26 medications — an impact more than twice the size of the previously proposed International Price Index (IPI). Slashing prices and revenue by so much could result in limited access to new drugs now and less innovation in the future, argue AAF’s Director of Health Care Policy Christopher Holt and Director of Human Welfare Policy Tara O’Neill Hayes.

An excerpt:

Like the IPI proposal before it, the MFN rule is effectively the equivalent of importing foreign governments’ price control systems to the United States as a way to set prices for pharmaceuticals indirectly. Importing other countries’ price controls isn’t demonstrably different, however, from the United States instituting its own price controls. And implementing price controls, even indirectly, would be a fundamental shift in the way the U.S. government has always engaged with health care and markets more broadly....

President Trump and others have suggested that policies tying U.S. prices more directly to those of other nations would force pharmaceutical companies to negotiate higher rates from those countries. The more likely outcome, however, is that the lost revenue will not be made up—save for possibly from some increased utilization as a result of the lower price—and instead American patients will see decreased access to future treatments.

[Read the Analysis](#)