

## Press Release



# The Special Pharmaceutical Relationship: a UK-U.S. Deep Dive on Setting the Best Price

PAULINA ENCK | AUGUST 28, 2023

As directed by the Inflation Reduction Act (IRA), the Centers for Medicare and Medicaid Services (CMS) is expected to soon release its first round of drug products to be subject to direct price negotiation under Medicare Part D; this new pricing scheme will be implemented alongside the May 2023 Medicaid Drug Rebate Program (MDRP) proposed rule to change how Medicaid best price is calculated. In a new insight, Director of Health Care Policy Laura Hobbs analyzes the potential consequences – including drug shortages and long-term industry reductions in research and development – of the drug-price negotiations and the proposed MDRP rule.

### Key points:

- While it remains to be seen what long-term effect the IRA and the proposed MDRP reform will have on the U.S. drug supply chain, the United Kingdom's (UK) current approach to its rebate schemes for branded products highlights potential headwinds to the U.S. drug manufacturing industry.
- The U.S. and UK drug pricing schemes are, contrary to their intent, likely to reduce patient access to the most commonly used drugs – even if they were already offered at a fair price – by placing an inordinate focus on a drug's gross spend, as opposed to medications that are, per-unit, prohibitively expensive.
- Policymakers on both sides of the pond should examine how rebate schemes could discourage new market entrants and place unnecessary pressure on fragile drug supply chains following the COVID-19 pandemic.

[Read the analysis](#)