

Emerging Trends in List Price Adjustment Strategies Following Implementation of the Inflation Reduction Act

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OBJECTIVES

US drug pricing continues to be a prevalent topic of conversation across the industry and the media. The Inflation Reduction Act (IRA), signed into law in August '22, introduced several measures to address rising drug costs, including Medicare price negotiations. This research aims to evaluate trends in January list price adjustments for drugs selected for the first year of Medicare price negotiations to inform what role the IRA may play in the evolution of price adjustment strategies.

METHODS

This analysis compared the drugs selected for the 2026 negotiation year to a representative sample of the broader industry, which included 177 drugs (excluding selected IRA drugs) from the top 10 pharmaceutical manufacturers by 2024 revenues. Products competing with generics/biosimilars and/or have experienced loss of exclusivity were excluded from analysis. Wholesale Acquisition Costs from January 2023, 2024 and 2025 were collected for selected products, and analysis compared the magnitude of January list price adjustments made year-over-year.

Product	Company	Therapeutic Area
Eliquis	Bristol-Myers Squibb	Cardiovascular
Enbrel	Amgen	Immunology
Entresto	Novartis	Cardiovascular
Farxiga	AstraZeneca	Diabetes
Fiasp	Novo Nordisk	Diabetes
Imbruvica	Janssen	Oncology
Januvia	Merck	Diabetes
Jardiance	Boehringer Ingelheim	Diabetes
Stelara	Janssen	Immunology
Xarelto	Janssen	Cardiovascular

Table 1. IRA Products for Negotiation Year 2026

Rank	Company	2024 Revenues (\$USD)	N
1	Janssen	\$88.8B	13
2	Roche	\$65.3B	18
3	Merck	\$64.2B	14
4	Pfizer	\$63.6B	41
5	AbbVie	\$56.3B	9
6	AstraZeneca	\$54.1B	14
7	Novartis	\$50.3B	20
8	Bristol-Myers Squibb	\$48.3B	16
9	Eli Lilly	\$45.04B	12
10	Sanofi	\$44.5B	20

Table 2. Top 10 pharmaceutical manufacturers by 2024 revenues

RESULTS

On average, selected IRA products saw a list price decrease of -1.3% in January '25, driven by Januvia, which took a price decrease of -42.4%. When excluding Januvia from the calculation, the average January '25 price increase (PI) for selected IRA products mirrors that of the broader industry (3.8% and 3.9% respectively). Both the industry and IRA average PI is down from the previous year (4.5%), which suggests price pressures across the broader industry are playing a larger role in evolving price adjustment strategies than pressure from the IRA.

Product		Jan '24 PI	Jan '25 PI	Delta YoY
Industry Avg. <i>(n= 177; excludes IRA products)</i>		4.5%	3.9%	-0.6%
IRA 2026 Negotiation Year	Avg. IRA	4.5%	Including decreases: -1.3% Excluding decreases: 3.8%	-5.8% / -0.7%
	Eliquis	6.0%	2.0%	-4.0%
	Enbrel	5.0%	7.0%	+2.0%
	Entresto	3.0%	2.5%	-0.5%
	Farxiga	3.0%	3.0%	-%
	Fiasp	No PI	No PI	-%
	Imbruvica	No PI	3.3%	+3.3%
	Januvia	4.7%	- 42.4%	-47.1%
	Jardiance	3.0%	3.0%	-%
	Stelara	4.9%	4.7%	-0.2%
	Xarelto	4.6%	5.0%	+0.4%

Table 3. January '24 and '25 Price Increases for Negotiated 2026 IRA Products (N=10) and Industry Average (N=177)

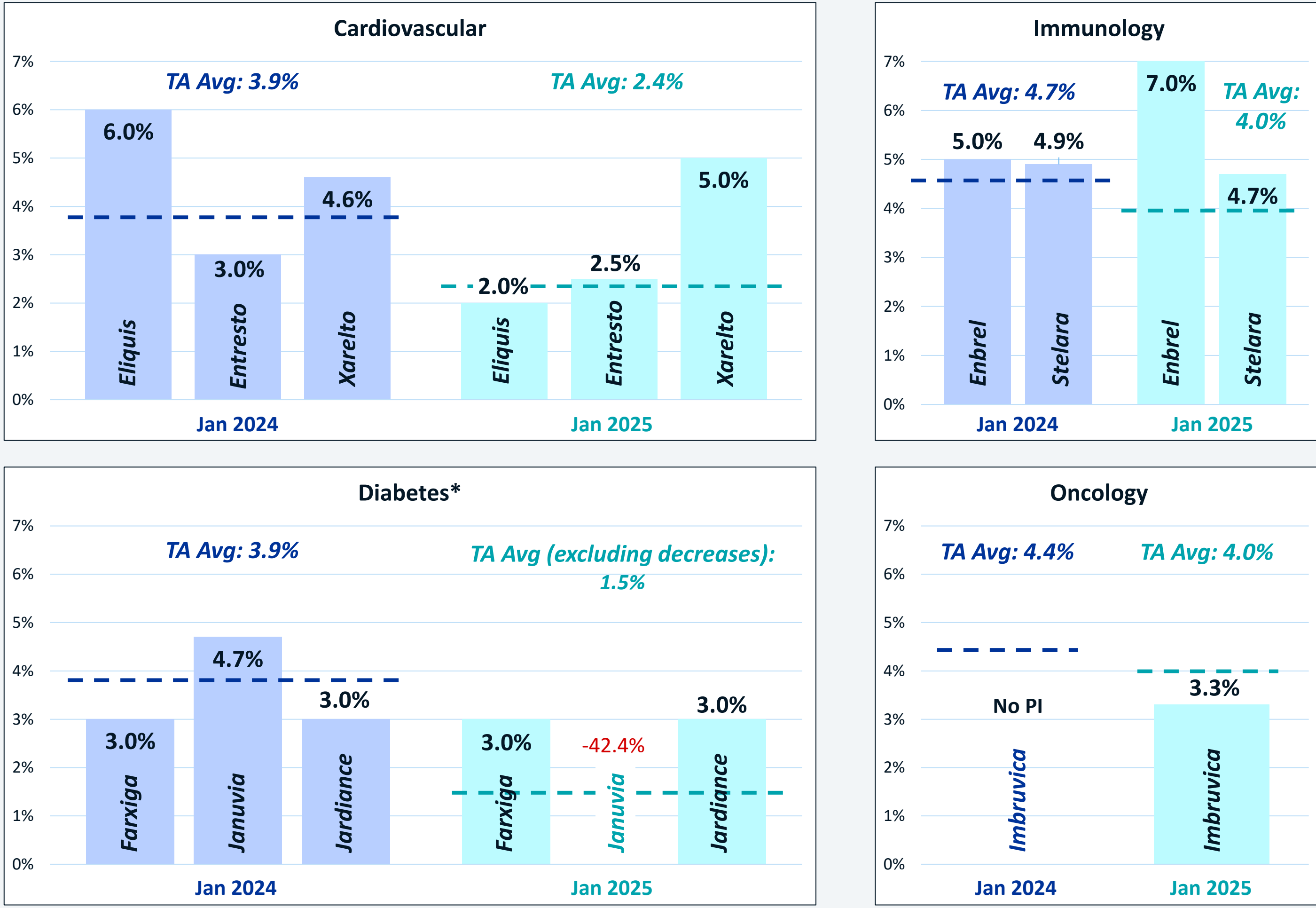


Figure 1a-d. Price Increase for IRA Products vs. Average Price Increase by Therapeutic Area (N=177)
*Fiasp excluded from figure due to no PI in January 2024 or 2025

All four therapeutic categories correlated to selected IRA products saw a decrease in average PI in January '25 compared to that of the previous year.

Diabetes products overall saw the greatest reduction, with the average PI (excluding decreases) in January '25 of 1.5%, down from 3.9% in January '24. Two of the three diabetes products selected for IRA negotiations took the same PI in January '25 compared to the previous year while Januvia took a significant price decrease. This strong downward trend may be the result of increasing public scrutiny of diabetes drug pricing in recent years. It also may be driven by the near-term generic entry of market leaders (including all 3 products selected for the IRA).

Cardiovascular products overall saw a reduction in average PI year-over-year of 1.5%. Similar to diabetes, this strong downward trend may be the result of near-term generic entry of key market leaders.

Oncology products saw the smallest reduction in average PI (down 0.4% year-over-year), which may the result of lower price sensitivity compared to other therapeutic areas. Oncology also continues to experience a meaningful volume of novel drug launches; products that are earlier in their lifecycle tend to take more consistent and higher PIs.

CONCLUSIONS

List price adjustments reflect both product-specific and broader industry dynamics. List price adjustment trends of products selected for the 2026 IRA negotiation year do not appear to be meaningfully influenced by IRA negotiations. A product's lifecycle management strategy should include an evolving price adjustment strategy in order to limit potential negative public perceptions, mitigate risks to access, and drive continued commercial success.

FUTURE IMPLICATIONS

Benchmarking to both product-specific and broader industry trends is critical to product life cycle management. As government regulations evolve and pricing pressure on pharmaceuticals increase, assessing price adjustments in the context of anticipated payer management and government penalties will be a key consideration for manufacturers. Continued evaluation of price adjustment trends in IRA negotiated products, and the industry as a whole, will become increasingly important for manufacturers to remain competitive while maximizing commercial opportunity.

REFERENCES

- PriceRx Database
- Medicare Drug Negotiation Program: Selected Drugs for Initial Price Applicability Year 2027
- FiercePharma