HPR109

# Global Pricing Meets Domestic Policy: Analyzing the Financial Impact of the Most-Favored Nation Approach on the U.S.' Medicine Prices

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## Background

The Most Favored Nation (MFN) policy is an international-reference-pricing approach that would peg U.S. prices for selected high-cost prescription drugs to the lowest prices those same medicines obtain in a defined set of peer countries. It was launched by Executive Order in 2025 as an administrative measure to reduce perceived "global freeloading" and compress large cross-country price differentials.[1]

## Objectives

Assess the potential impact of a Most-Favored Nation (MFN) type of approach on the prices of medicines in the United States (U.S.) by applying international reference pricing (IRP) rules.

## Methods

- We have selected six medicinal products across three categories: products for rare diseases, oncology products, and products for common conditions. Our analysis compares the current price and historical price trajectory of the six selected pharmaceutical products in the U.S., with a counterfactual scenario: how their prices might have evolved had the MFN policy been implemented from the time of their respective launches. This approach allows us to estimate the potential impact of MFN on U.S. drug pricing over time.
- Although the MFN policy intends to benchmark U.S. prices against those in OECD or other high-income countries, no definitive list of reference countries has been published. To construct a plausible comparator basket, we selected 16 out of the 38 OECD member countries based on their relative GDP per capita compared to the U.S. (nominal GDP >60% vs U.S).[2] We acknowledge that GDP per capita can vary depending on the reference year, currency exchange rate assumption, and data source.
- Using our in-house proprietary international reference pricing (IRP) simulation tool, we modeled the MFN impact on U.S. prices under three pricing rules: minimum, average, and median price across the selected country basket.
- The IRP frequency was set to semiannual (every six months), and all calculations were performed using publicly available list prices.
- All pricing data utilized in this analysis is derived from publicly accessible sources, specifically the Navlin database.[3]
- For the comparator countries, we used actual observed price trajectories over time to reflect real-world pricing dynamics. This ensures that our simulation captures both temporal and geographic variation in pricing behavior.
- The time horizon for the analysis spans from the initial U.S. launch date and the 4 years after launch. This period allows for a robust longitudinal comparison between actual U.S. pricing and the hypothetical MFN-adjusted trajectory.
- For the six selected medicinal products, the table below includes each product's brand name, generic name, category, and U.S. first price date.

| Brand name | Generic Name | Category | U.S. First Price Date[3] |
|---|---|---|---|
| **Luxturna** | Voretigene neparvovec | Rare disease | January 3, '18 |
| **Kymriah** | Tisagenlecleucel | Rare disease | May 1, '18 |
| **Trazimera** | Trastuzumab-dkst | Oncology | February 2, '20 |
| **Vizimpro** | Dacomitinib | Oncology | October 1, '18 |
| **Dupixent** | Dupilumab | Common disease | March 28, '17 |
| **Ozempic** | Semaglutide | Common disease | March 15, '21 |

## Results

The magnitude of potential price reductions varied significantly depending on the IRP rule applied. The modelled scenarios for the selected medicines revealed reductions ranging from 12% to 98% within 4 years of market entry in the U.S. Additionally, among the products analyzed, oncology medicines experienced greater price reductions compared to advanced therapy medicinal products (ATMPs).

**Figure 1. Example of impact of MFN policy on U.S. medicine prices – Dupixent.**

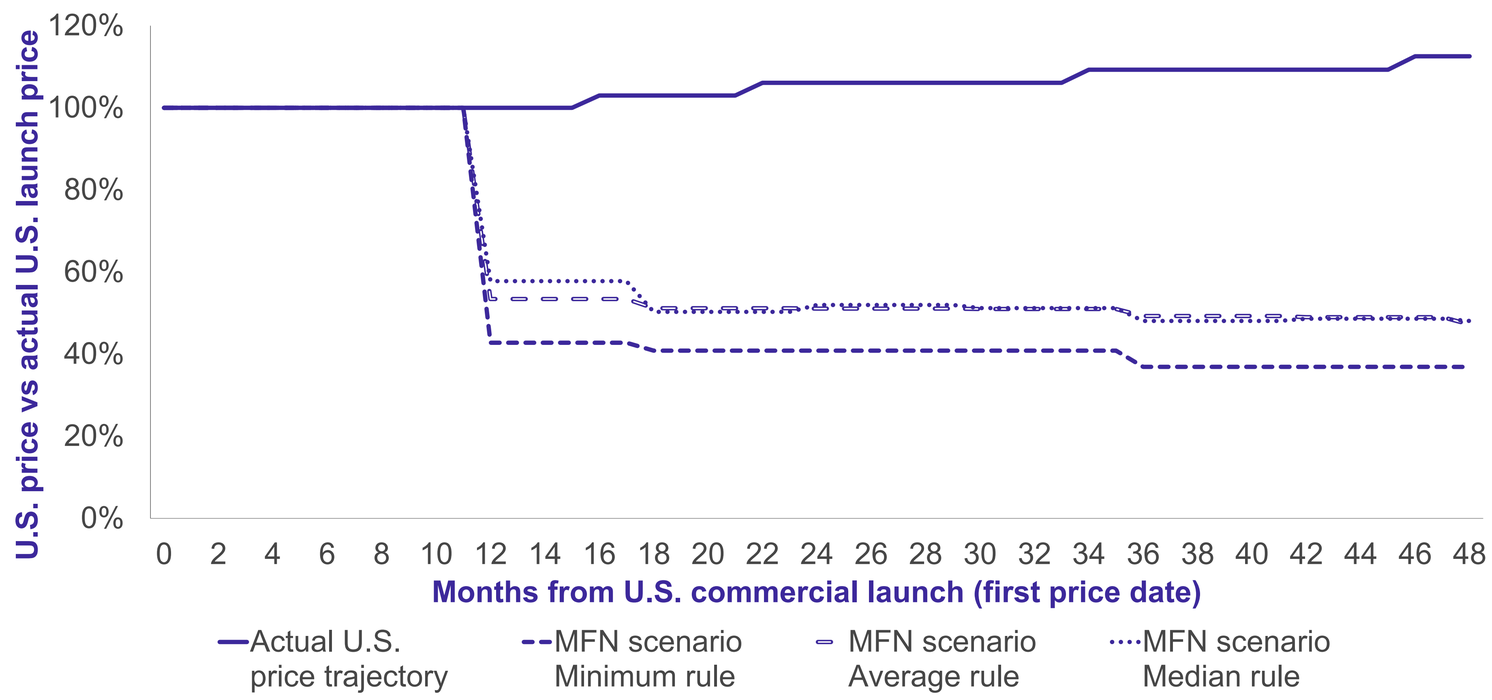
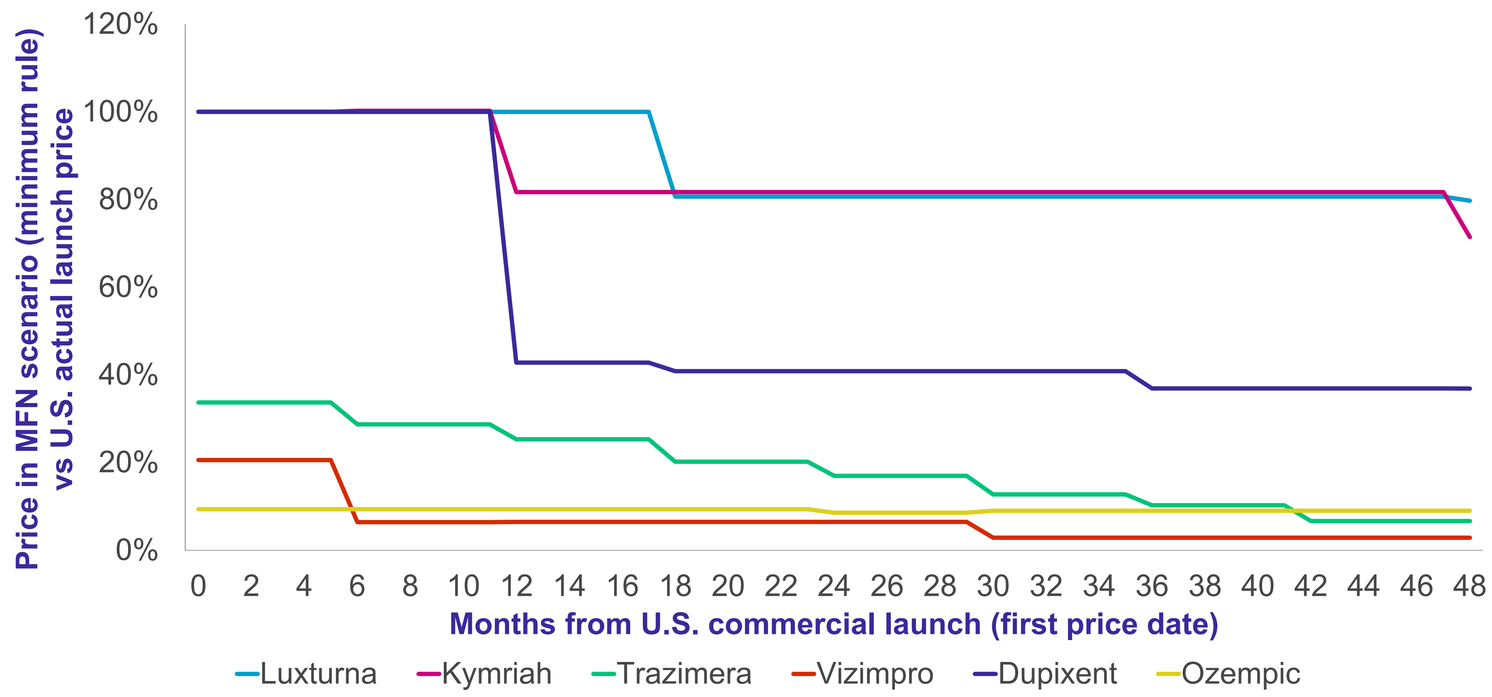



**Figure 2. U.S. price if MFN applied with minimum rule vs U.S. actual launch price**




## Limitations

- The projected impact varies by product: each medicine has distinct clinical, commercial, and patent characteristics that shape its pricing dynamics across markets.
- Model outcomes are sensitive to methodological choices. Changes in the comparator-country basket (which can vary with GDP per capita definitions and selection rules), the currency exchange-rate methodology, the IRP update cadence, and whether list or net prices are used, will materially alter results.
- Our baseline counterfactual assumes unchanged launch sequencing and market availability under the MFN scenario. In other words, we do not model deliberate manufacturer responses such as delayed launches, supply restrictions, or strategic repricing that could occur in reaction to MFN; incorporating those behavioral responses would likely change both timing and magnitude of estimated impacts.

## Conclusions

Our analysis demonstrates that implementing IRP rules could substantially lower medicine prices in the U.S. The extent of the price reduction is multifaceted, heavily influenced by factors such as IRP rules, global launch sequence, and pricing models applied in other countries. These findings highlight the need for nuanced policy design, as companies must balance pricing considerations with investment in research and development, assess potential pricing shifts in low-income countries, and account for the timing and strategic planning of global medicine launches.

## References

1. https://www.whitehouse.gov/presidential-actions/2025/05/delivering-most-favored-nation-prescription-drug-pricing-to-american-patients/
2. https://www.worldbank.org/
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