

MFN Pricing

'More fun to navigate'
A European roadmap to success

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Key to any **strategic assessment** is to take the context into consideration, develop a hypothesis and revisit when information emerges

President Trump's negotiation approach provides context to Most-Favoured Nation (MFN)

Initial demand

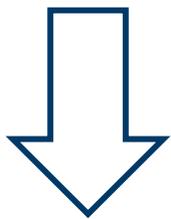
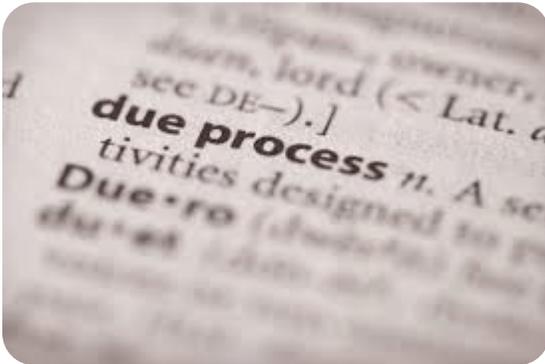


Acceptable outcome?



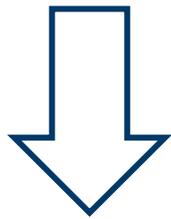
The 2020 Executive Order (EO) provides additional context for what we think the Administration has learnt about how to put the current MFN EO into action

Minimise legal challenge



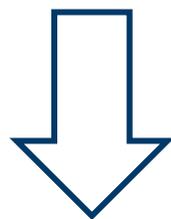
Limit the scope

Likely vehicle



Test models

Extend beyond CMS



Commercial pressure



Where to (re)start the journey?



1

US : RoW price convergence

2

Enable DTC at MFN price

3

Encourage US inward investment

1

MFN price convergence is effectively an **International Reference Pricing (IRP)** model



- OECD countries with $\geq 60\%$ US per capita GDP
- Potential to remove outliers
- Lowest price as benchmark

BUT which prices to compare?

No current indication on methodology to compare prices

Comparison is not necessarily straightforward

USA

- WAC
- ASP
- FFS
- Big-Four

All published prices

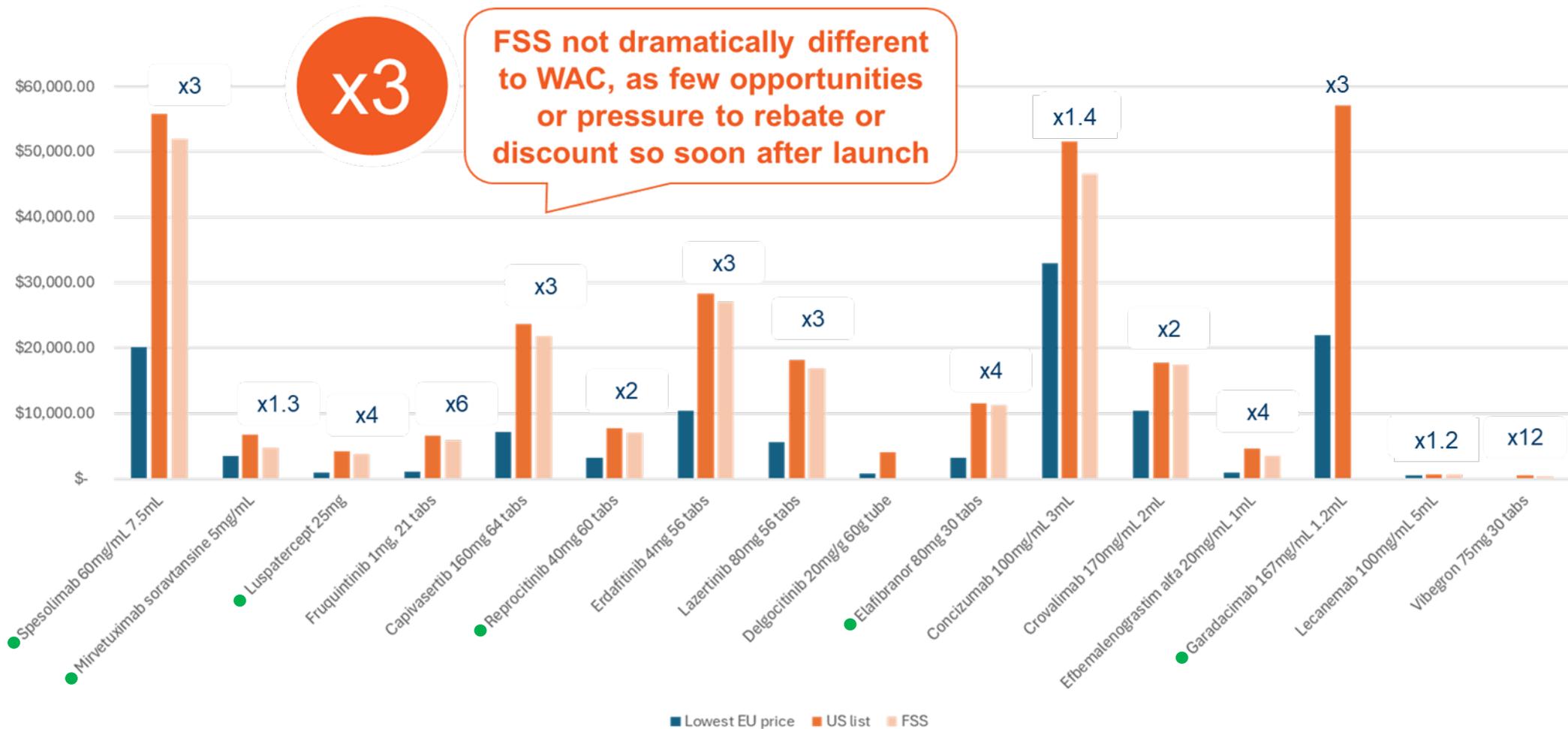
MFN

- List
- Confidential net

Used in ex-US IRP

Inability to compel

For newly launched drugs* that have a price in US and at least one EU country, the choice of published prices makes little difference to the comparison

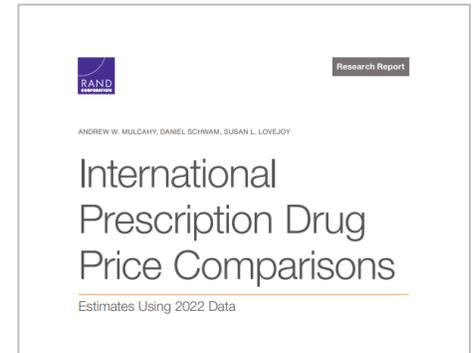


US Health and Human Services Office recently commissioned* at least one **cross-border price analysis** using IQVIA MIDAS data, again little difference

- Attractive as international price comparisons using the same methodology
- Publicly available
- Disclaimer that these prices are **NOT** indicative of net
- Yield similar magnitude of difference

Average price difference of US to other markets

x3



Summary

Understanding the extent to which prescription drug prices are higher in the United States than in other countries—after accounting for differences in the volume and mix of drugs—is useful when developing and targeting policies to address both growth in drug spending and the financial impact of prescription drugs on consumers.

A prior RAND analysis compared 2018 manufacturer gross drug prices in the United States with those in 32 Organisation for Economic Co-operation and Development (OECD) countries using a price index approach.¹ The earlier analysis reported results for all drugs combined, for specific categories of drugs, and under different methodological approaches. This report updates the main results from this earlier report using more recent data through 2022.² It also includes new analyses focusing on price comparisons for biosimilars and changes in price comparison results over time.

In brief, when analyzing data for all prescription drugs available in the United States and comparison countries, we found that U.S. manufacturer gross prices for drugs in 2022 were 278 percent of prices in the 33 OECD comparison countries combined. Put another way, prices in other countries were 36 percent—or a little more than one-third—of those in the United States.

Our hypothesis?

Time for passage through Congress and legal challenges make immediate MFN **international price convergence** across **all products** unlikely

- Expectation for any new legislation to pass through Congress be protracted
 - Wide-ranging implications of Congress involvement in setting prices in a free-market economy
- Price control (CMMI model) a component of Inflation Reduction Act
 - CMMI allows only limited testing of price models
 - Not nationwide, not all drugs
 - **2023**: First 10 negotiated drugs (high CMS volume, high spend) for **2026** implementation
- **Cannot compel manufacturers** to divulge confidential net price agreements

Low likelihood

So, **how to navigate** the international price convergence component of the Executive Order? What we are doing to support our clients

Undertake price comparison analysis using ALL prices to understand exposure risk



No compulsion to divulge confidential net prices



Review all detail from 2020 & 2025 Executive Orders + keep watching brief on White House



**So, where does
that leave us?**



Two other components of the Executive Order

2

Enable DTC at MFN price



3

Encourage US inward investment



Next three months will tell



Based on context, previous Executive Order, legal complexity, success in DTC & inward investment, **sufficient movement** may already have been made...



...however, this could all **change**....





Thank you! Please follow-up

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