

# Who Pays the Price? International Impacts of U.S. Drug Cost Benchmarking

HPR240

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## INTRODUCTION

- President Trump's **Most Favored Nation (MFN)** initiative seeks to lower U.S. prescription drug prices by benchmarking them against the lowest prices in economically comparable countries.
- The policy applies to **branded drugs** lacking generic or biosimilar competition in the U.S. market.
- On May 20, 2025, the U.S. Department of Health and Human Services (HHS) announced that MFN reference prices will be based on those in OECD countries with a **GDP per capita at least 60%** of the U.S. level.
- While intended to curb U.S. drug spending, the policy may **exert upward price pressure or delay market entry** in referenced countries.

## OBJECTIVE

To assess which OECD countries may experience the greatest impact from the MFN policy, using current international drug pricing data.

## METHODS

- We used 2024 OECD GDP-per-capita data (adjusted for purchasing power parity, PPP) to identify countries meeting the HHS eligibility threshold ( $\geq 60\%$  of the U.S. level).
- For each eligible country, we collected official ex-factory prices for the drugs **without** generic or biosimilar competition among the **50 top-selling U.S. prescription drugs in 2024**.
- The lowest price per drug across eligible countries was identified and compared with U.S. Department of Veterans Affairs (VA) prices.
- (New Zealand prices were unavailable for assessment.)

## RESULTS

- In 2024, the U.S. GDP per capita (PPP) was **\$85,810**, and **25 OECD countries** met the 60% eligibility threshold (Table 1).
- Among the **50 top-selling U.S. prescription drugs**, **41** lacked generic or biosimilar competition in the U.S. market, with cross-country price data available for **40** of these drugs.
- Aligning U.S. prices for the evaluated drugs with the MFN benchmark would require, on average, a **75% price reduction**.
- The countries most frequently offering the lowest prices were **South Korea (15 drugs)**, **Australia (6)**, and **Japan (6)**, with mean discounts of **80%**, **82%**, and **68%**, respectively (Table 2).
- Within Europe, lower prices were observed mainly in **Germany, Norway, and the Netherlands** (3 drugs each).

Table 1: Countries with GDP per capita (PPP adjusted)  $> 60\%$  of US level

Australia	Austria	Belgium
Canada	Czechia	Denmark
Finland	France	Germany
Iceland	Ireland	Israel
Italy	Japan	Lithuania
Luxemburg	Netherlands	New Zealand
Norway	Slovenia	South Korea
Spain	Sweden	Switzerland
UK		

Table 2: Lowest-price leaders for the top-selling U.S. drugs (2024)

Country	# of Drugs at Lowest Price (N= 40)	Avg. Price Gap vs. U.S.
South Korea	15	80% ↓
Australia	6	82% ↓
Japan	6	68% ↓
Netherlands	3	86% ↓
Norway	3	67% ↓
Germany	3	49% ↓
Austria	2	65% ↓
Sweden	1	93% ↓
Slovenia	1	69% ↓

## CONCLUSIONS

- The MFN initiative seeks to reduce drug costs for U.S. patients but may have broader international implications.
- Implementation of the policy could reshape global pricing strategies and launch sequencing.
- Countries such as **South Korea, Australia, and Japan**—which frequently offer the lowest prices among MFN-referenced countries—may face pressure to **raise list prices or delay market entry** to avoid being used as reference points

## REFERENCES

### 2024's blockbusters: Top 50 drugs by sales

<https://www.drugdiscoverytrends.com/2024s-blockbusters-top-50-pharmaceuticals-by-sales/>

## CONTACT INFORMATION

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