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Introduction

Although external reference pricing (ERP) was extensively debated in the United States (US) between 2018 and 2021, it was ultimately not implemented.^{1,2}

The concept is not new in US policy discussions. In 2018, the Trump Administration proposed incorporating international drug prices into Medicare through the International Pricing Index (IPI) model for Part B drugs, followed by a 2020 rule to test a Most Favored Nation (MFN) model. Both initiatives faced legal challenges and were not implemented.^{1,2}

The May 2025 Executive Order, however, reinstated this approach by reviving MFN, signaling renewed political commitment to linking US drug prices to those in other developed countries and reintroducing ERP into the US policy framework.²

Objective

This study examines MFN model implications for pharmaceutical pricing and market access in Europe.

Methods

A targeted literature review examined MFN-related policy analyses, stakeholder communications (manufacturers/trade groups and European payers), and recent European pricing policy developments (since May 2025, with a cut-off date of April 10, 2026), alongside evidence from Europe's experience with ERP.

The literature was analyzed using thematic analysis, identifying recurring patterns across sources related to:



Pricing policy responses



Implications for drug access



Manufacturer strategy and launch behavior

Results

The US MFN policy links US branded drug prices to those in developed countries with GDP per capita at least 60% of the US level. Because the US is typically the earliest and highest-priced launch market, this amplifies the global consequences of European launch and pricing decisions.^{1,2}

Experience with European ERP suggests MFN may similarly incentivize delayed or foregone launches in low-price markets and increased reliance on confidential discounts.

Emerging evidence supports these dynamics, with early signals of reduced launch activity and increased product withdrawals across Europe following the MFN announcement. In parallel, policy responses across European markets reflect mounting pressure to protect net prices while preserving flexibility in list pricing.

These include increased reliance on confidential pricing mechanisms (e.g., Germany, France), adjustments to HTA frameworks to sustain net price levels (e.g., UK), and renewed debates on drug price transparency (e.g., France, Spain), alongside broader structural reforms to national pricing systems and initiatives to assess MFN-related risks (e.g., Sweden, Denmark).

Together, these developments suggest that MFN is already influencing pricing policy, manufacturer behavior, and access dynamics across European markets.

Table 1 details spillover effects of MFN policy on European pricing, launch strategy and access.

Table 1. Spillover Effects of US MFN Policy on European Pricing, Launch Strategy, and Access

Country/Region	Material Type	Key insight
Pricing policy responses		
France	CEPS President Statement (2025) ³	Early policy responses to the US MFN pricing model, emphasizing preservation of list price flexibility and protection of confidential net prices.
	Social Security Financing Act debate (2026) ⁴	Proposals to increase drug pricing transparency (rejected).
Spain	Spanish Congress of Deputies (2025) ⁵	Mixed Parliamentary Group suggested removal of the confidentiality clause governing pharmaceutical price negotiations.
Germany	The German Medical Research Act (legal reform, 2024) ⁶	It amends drug pricing law to enable confidential reimbursement prices as an option within the AMNOG process, provided manufacturers meet specific criteria (e.g., R&D presence in Germany).
Sweden	Swedish Pricing System Reform Investigation (2026) ⁷	Sweden launched a comprehensive reform (investigation) of its pharmaceutical pricing system in response to MFN and global competition, including potential centralization of confidential pricing and measures to improve market attractiveness. Investigation due by end-2027; reforms expected post-2028.
United Kingdom	NICE Cost-Effectiveness Threshold Reform (2025) ⁸	Higher NICE cost-effectiveness thresholds : UK government confirmed increase in NICE cost-effectiveness threshold (from £20,000-£30,000 to £25,000-£35,000 per QALY) effective from April 2026.
	VPAG Payment Rate Adjustment (2026) ⁹	Reduced VPAG rebate pressure :The UK government has set the 2026 VPAG (Voluntary Scheme for Branded Medicines Pricing, Access and Growth) payment rate for newer medicines at 14.5% of sales to the NHS, significantly lower than the record ~22–23% seen in 2025.
	US-UK Drug Pricing Agreement (2026) ¹⁰	The agreement acknowledges MFN-related launch risks in the UK and introduces UK-specific protections, while linking future pricing reform to lower clawbacks, outcome-based payments, and differentiated QALY thresholds to support access and market attractiveness.
Implications for drug access		
Denmark	Denmark Government Task Force on MFN (2026) ¹¹	Task force established to evaluate potential impacts of MFN on pricing frameworks and patient access to innovative medicines.
Sweden	Swedish TLV Interim MFN Monitoring Report (2026) ¹²	TLV is monitoring MFN-related international developments and developing methods to assess access to and use of new medicines, reflecting concern that US policy changes may affect Swedish pricing, reimbursement, and future access, although concrete effects remain uncertain.
Spain	Spanish Health Secretary Commentary (Padilla, 2026) ¹³	MFN-related transparency may delay launches and reduce access; Spain aims to preserve net price confidentiality to ensure timely access to innovative medicines, acknowledging trade-offs between transparency and availability.
European Union	EU Pharmaceutical Package Reform (expected 2028) ¹⁴	Proposed launch obligation may require companies to apply for reimbursement across EU markets, potentially influencing access timelines.
Manufacturer strategy & launch behavior		
Germany	VFA President Interview (2026) ¹⁵	Industry representatives report delayed or postponed launches due to uncertainty surrounding MFN policy implications.
Europe/ UK	Eli Lilly European Price Response (2025) ¹⁶	Lilly publicly stated it may raise drug list prices in some European markets to help align pricing across developed countries in the face of US MFN pressure. The statement included negotiations with the UK government on price adjustments while maintaining access.
Europe/ Global	Swissinfo Industry Analysis (2026) ¹⁷	Evidence of delayed or foregone launches, market withdrawals, and price increases in Europe as companies' priorities US pricing; some firms prefer not to launch rather than risk lowering US prices.
Europe	GlobalData POLI Analysis (2026) ¹⁸	Significant decline in launches (-35% to -43%) and increase in withdrawals (+43%) following MFN announcement, suggesting early behavioral shifts consistent with pricing-driven launch delays and market exits.

Discussion & Conclusions

Although a US policy, MFN has already impacted EU launch and policy response global spillovers that risk widening access gaps across Europe, potentially undermining EU efforts to accelerate access to innovation. Emerging evidence suggests early behavioral responses, including delayed launches and increased risk of product withdrawals in European markets, impacting patient access to innovation.

Referencing net prices would threaten Europe's confidential discount model, while referencing list prices could still drive more selective launch sequencing based on US-European price differentials.

Combined with the EU launch obligation, MFN may intensify tensions between pricing sustainability and access, particularly in lower-price markets. At the same time, national policy responses, such as reforms in Germany and the UK, suggest efforts to preserve attractiveness as early-launch markets, potentially reinforcing inequalities in access across Europe.

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Abbreviations

AMNOG, Arzneimittelmarkt-Neuordnungsgesetz (German Pharmaceutical Market Restructuring Act); ASP, Average Sales Price; CEPS, Centre for European Policy Studies; ERP, External Reference Pricing; EU, European Union; GDP, Gross Domestic Product; MFN, Most Favored Nation; NICE, National Institute for Health and Care Excellence; QALY, Quality-Adjusted Life Year; R&D, Research and Development; TLV, Tandvårds- och läkemedelsförmånsverket (Swedish Dental and Pharmaceutical Benefits Agency); UK, United Kingdom; US, United States; VPAG, Voluntary Scheme for Branded Medicines Pricing, Access and Growth.

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