Potential Savings Using Most Favored Nation Pricing in the U.S. Medicaid Program

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Introduction & Objectives

U.S. policymakers have increasingly considered international reference pricing as a strategy to reduce prescription drug spending. The CMS Innovation Center's **GENEROUS model** tests whether supplemental Medicaid rebates tied to international prices (**CAN, UK, GER, FRA, ITA, SWI, DEN, JAP**) can reduce drug spending beyond existing statutory rebates.[1] This study estimates potential savings by comparing 2024 Medicaid net 100 high-spending drugs with selected international prices.

Methods

Step 1

Identify high-spending Medicaid drugs

We used 2024 State Medicaid Drug Utilization Data to identify the top 100 drugs by gross Medicaid spending and aggregated spending at the FDA application level.[2]

Step 2

Estimate current Medicaid net spending

Calculated Medicaid net prices by applying the Medicaid Drug Rebate Program structure, including base and inflationary rebate estimates, to gross drug spending.

Step 3

Estimate savings under GENEROUS pricing

Matched drugs to peer-country prices and projected savings using the GENEROUS second-lowest benchmark, with scenario analyses using alternative benchmarks.[3]

Study Selection Flow

Top 100 products by total Medicaid spending

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14 Excluded: Missing international presence or prices

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2 Excluded: Missing SSR or other US pricing data

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Final sample: 84 Products

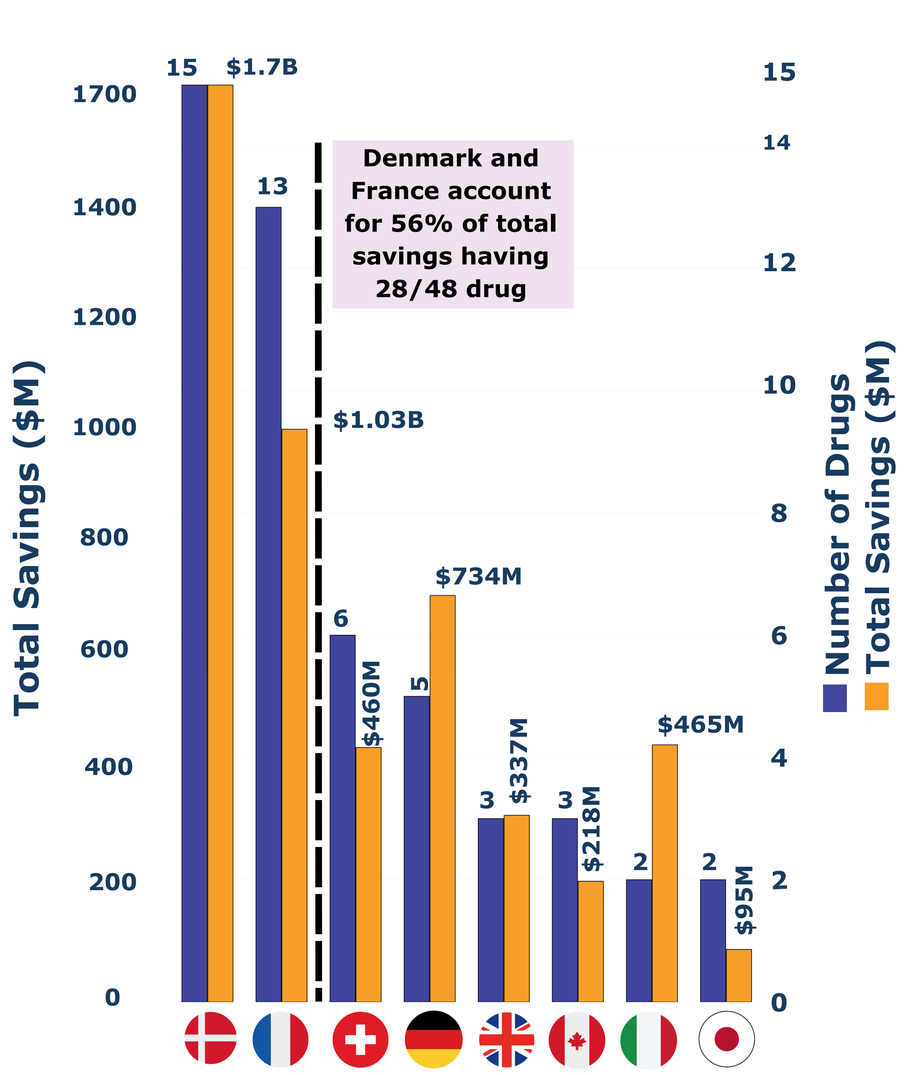
Results

	Estimated Medicaid Net Spending	*GENEROUS Spending Reduction*	*Estimated Net Spending Under GENEROUS*	*Percent Savings*	*# of Drugs With Savings*
Highest Price	**$13,738,340,469**	**$894,173,035**	**$12,844,167,433**	**6.50%**	**13**
Average Price	**$13,738,340,469**	**$2,330,994,925**	**$11,407,345,544**	**17%**	**27**
Base case (2nd lowest)	**$13,738,340,469**	**$4,843,007,332**	**$8,895,333,137**	**35.30%**	**48**
Lowest Price	**$13,738,340,469**	**$6,318,273,950**	**$7,420,066,519**	**46%**	**52**

Ranked Drug Savings and Cumulative Impact Under GENEROUS

Rank / Group	Drug / Group	Est. Net Spending	GENEROUS Savings	Net Spending Under GENEROUS	% Rebate from Net Medicaid	Cumulative share of savings
1	Ozempic	$0.92B	$0.56B	$0.37B	60.30%	11.10%
2	Trikafta	$0.69B	$0.38B	$0.31B	55.10%	18.80%
3	Vraylar	$0.45B	$0.35B	$0.10B	77.00%	25.70%
4	Fluticasone	$0.30B	$0.25B	$0.04B	85.20%	30.80%
5	Concerta	$0.27B	$0.22B	$0.04B	83.40%	35.30%
6	Symbicort	$0.37B	$0.21B	$0.16B	57.00%	39.50%
7	Xifaxan	$0.22B	$0.19B	$0.03B	88.50%	43.40%
8	Biktarvy	$1.01B	$0.18B	$0.82B	18.30%	47.10%
9	Xolair	$0.24B	$0.16B	$0.08B	67.90%	50.30%
10	Ventolin	$0.19B	$0.16B	$0.04B	81.10%	53.50%
11	Invega Sustenna	$0.40B	$0.16B	$0.25B	38.60%	56.60%
12	Sublocade	$0.27B	$0.14B	$0.13B	53.30%	59.50%
13	Jardiance	$0.49B	$0.14B	$0.35B	28.20%	62.20%
14	Botox	$0.17B	$0.12B	$0.06B	66.40%	64.50%
15	Humira	$0.61B	$0.12B	$0.49B	18.90%	66.80%
16–30	Next 15 combined	$2.56B	$1.29B	$1.28B	50.20%	92.60%
31–48	Drugs ranked 31–48 combined	$1.47B	$0.37B	$1.10B	25.30%	100.00%
49–84	Drugs with no projected savings	$3.29B	$0.00B	$3.29B	0.00%	—

Country Savings Distribution



Limitations

- There are confidential state and International supplemental rebates not included.
- Savings assume full GENEROUS implemenataion , though it depends on states and manufacturer participation.

Market Implications

- **Denmark and France** account for 56% of projected savings, potentially increasing pressure on their pricing and access dynamics.
- Savings are concentrated among few drugs, creating uneven effects across manufacturers, therapeutic areas, and reference countries.
- Manufacturers may respond through reduced discounts, less transparent concessions, withdrawals, or delayed launches; **Repatha's Denmark retreat illustrates this risk.**[4]

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