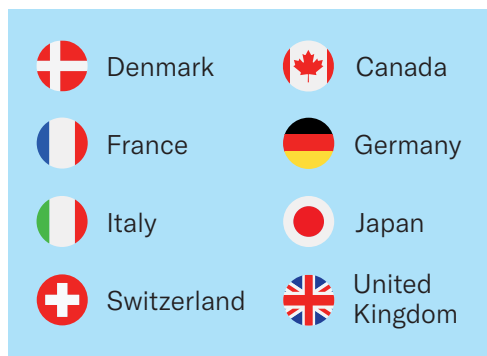


Potential impact of the MFN model on innovative medicine

As of April 2026, 17 of the leading pharmaceutical manufacturers have signed Most Favored Nation (MFN) deals with the Trump administration. While the content of the deals are not public, the White House has announced that each agreement includes language that manufacturers guarantee MFN pricing for all new, innovative medicines that are launched in the US market, across all channels. They will also be enrolling in something similar to the GENEROUS model for all existing products, which will provide significant savings to the Medicaid channel.

Reference country selection

While the details of the deals are confidential, we assume the MFN reference countries are the same as the GENEROUS model:

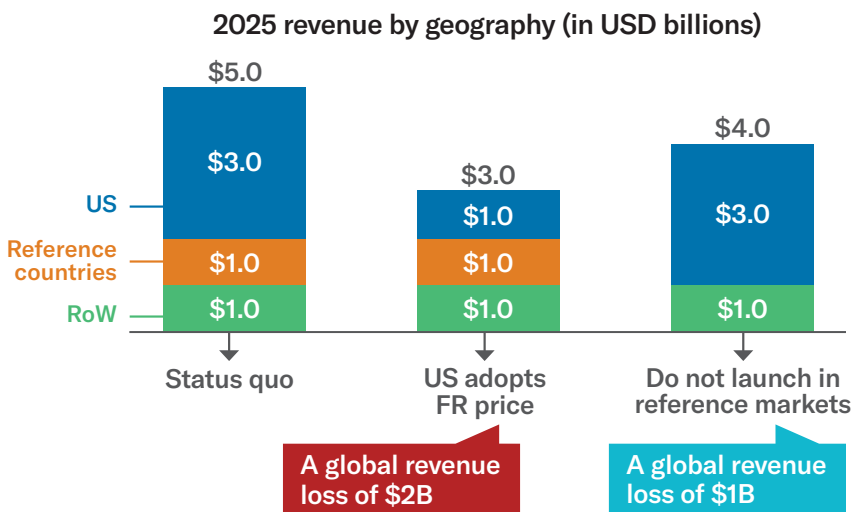


Reference price

Within the GENEROUS model all reference prices are adjusted for GDP Purchasing Power Parity (PPP) and then the **second lowest NET price** is used as the US reference price. Under GENEROUS, this price would only impact the Medicaid channel; however, since these MFN agreements are broader, they will likely affect all channels.

Implications

Hypothetically, we consider how lowering the US price across all US channels to the second-lowest PPP-adjusted LIST* reference price would impact the global sales. In this stylized example, we consider a large oral oncology drug:



According to Reuters, drug launches in the EU market have already fallen by 35% in the 10 months since Trump's EO.¹ This example illustrates the calculations manufacturers may undertake when considering where to launch. An unintended consequence of the US MFN model is that manufacturers may be unlikely to launch in benchmark countries.

* Manufacturers will need to disclose net prices as part of this model but for this analysis we use list price

¹ <https://www.reuters.com/business/healthcare-pharmaceuticals/drugmakers-delay-some-european-launches-with-wary-eye-trumps-pricing-policies-2026-03-31/>

Source: Komodo, Navlin, Evaluate Pharma, CRA Analysis (June 2026)