

Levelling the field: How the MFN could transform drug pricing?

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INTRODUCTION

- The Most Favoured Nation (MFN) pricing model, announced in May 2025, represents a significant shift in US, and potentially global, pharmaceutical policy.
- The directive aims to benchmark US prices of high uptake drugs to the lowest prices paid in other high-income OECD countries (>60% US GDP per capita), to reduce overall pharmaceutical spending.
- Centers for Medicare & Medicaid Services (CMS) draft guidance noted drugs will be ranked by total expenditure to select the top 50 high-spend Part B and Part D drugs, which will be eligible for MFN pricing.

OBJECTIVE

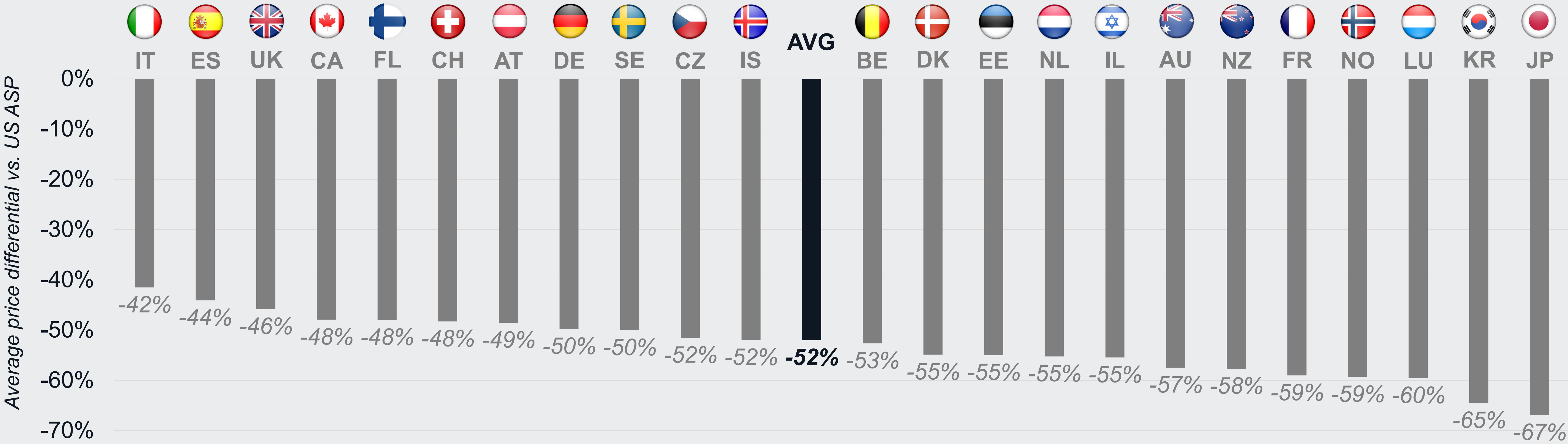
- While government officials claim this would lead to “almost immediate” price decreases of “30% to 80%”, experts are skeptical, arguing the MFN approach may invite serious challenges to the global pricing and access landscape.
- This research aims to explore the pricing disparity between the US and other high-income OECD markets in order to quantify the potential implications of an MFN pricing approach on global pricing.

METHODS

- The CMS database was screened to identify the 50 highest total expenditure Medicare Part B and Part D drugs and extract their Average Sales Price (ASP).
- Pricing information for the following MFN reference markets was extracted from the NAVLIN database: Australia, Austria, Belgium, Canada, Czechia, Denmark, Estonia, Finland, Germany, Iceland, Israel, Italy, Japan, Luxembourg, The Netherlands, Norway, South Korea, Spain, Sweden, and the UK.
- During our analysis, we calculated the price differential between the US ASP and list prices in the high-income OECD markets.

RESULTS

Price differential between list prices in high-income OECD markets vs. ASP prices in the US
50 Medicare products with highest Part B spend



Examples: price differentials for high spend Medicare Part B & Part D products (not exhaustive)

KEYTRUDA

(pembrolizumab)

ASP (1 mg): \$55.14

List price per mg	\$44.13	\$41.43	\$35.15	\$31.43	\$40.60	\$24.60	\$39.83	\$23.24	\$33.42	\$32.45	\$37.76	\$30.30	\$30.75	\$31.86	-	\$30.14	\$27.68	\$24.76	\$26.79	\$25.47	\$29.53	\$30.75	\$12.32	\$12.53
Price differential	-20%	-25%	-36%	-43%	-26%	-55%	-28%	-58%	-39%	-41%	-32%	-45%	-44%	-42%	-	-45%	-50%	-55%	-51%	-54%	-46%	-44%	-78%	-77%

OPDIVO

(nivolumab)

ASP (1 mg): \$30.20

List price per mg	\$17.28	\$16.53	\$14.63	\$13.97	\$16.80	\$14.80	\$16.59	\$11.69	\$13.05	\$11.85	\$12.51	\$13.20	\$14.79	\$12.58	-	\$11.40	\$11.75	\$12.82	\$15.06	\$11.75	\$11.59	\$14.79	\$6.55	\$7.65
Price differential	-64%	-66%	-70%	-71%	-65%	-69%	-66%	-76%	-73%	-75%	-74%	-73%	-69%	-42%	-	-76%	-76%	-73%	-69%	-76%	-76%	-69%	-86%	-84%

CONCLUSIONS

- Our analysis demonstrates a significant disparity in pharmaceutical pricing between the US and other high-income countries (avg. 52%; range 10% to 93%). If US prices were benchmarked to the list prices in these markets, reductions up to 93% could be expected. Monitoring how OECD markets respond, and whether health technology assessment (HTA) frameworks are revised due to pricing pressures, will be crucial.
- However, it is important to note that this analysis is based on the current MFN framework and there is still substantial uncertainty, particularly related to the feasibility of implementing this approach.
- It will be interesting to monitor industry response to mitigate the impact of MFN pricing on revenue streams. We anticipate re-evaluation of launch strategies focusing on market revenue forecasting and optimisation of launch sequencing, and we may even observe deprioritisation of lower price potential markets to enable higher benchmarking for US prices.
- Notably, AstraZeneca and Pfizer have already entered into MFN agreements, ensuring that all new innovative medicines will adhere to MFN pricing. These deals stipulate that increased revenues from other markets will be “repatriated” to the US, alongside offering additional discounts on US list prices.

REFERENCES
1. CMS.gov (accessed 12th October 2025). 2. data.NAVLIN.com (accessed 12th October 2025).