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## Trump Administration Announces New Deals and Models Tying U.S. Drug Prices to International Prices

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On Friday (December 19), The Trump Administration announced Most Favored Nations deals with nine drug manufacturers that aim to more closely align U.S. drug prices with those offered in other developed nations. The Administration also proposed two new CMS Innovation Center models that would test using international pricing benchmarks in the Medicare Part B and Part D programs.

### Most Favored Nation's Deals

On Friday (December 19), President Donald Trump and the CEOs of nine drug manufacturers [announced](#) agreements under President Trump's Most Favored Nation's (MFN) executive order. During the announcement, President Trump was joined by Department of Health and Human Services (HHS) Secretary Robert F. Kennedy Jr., Centers for Medicare and Medicaid Services (CMS) Administrator Mehmet Oz, Commerce Secretary Howard Lutnick and the CEOs of Amgen, Boehringer Ingelheim, Bristol Myers Squibb, Genentech, Gilead, GSK, Merck, Novartis, and Sanofi.

In announcing the deals, President Trump praised the drug manufacturers and said, "This is the biggest thing ever to happen on drug pricing and on health care. This will have a tremendous impact on health care itself."

President Trump said the Administration has now reached agreements with 14 drug manufacturers and said four other companies, including Johnson & Johnson, would be coming in next week to announce their deals.

**Details of the deals.** President Trump said the latest agreements will follow the structure of those previously announced, which are structured around five key pillars. As part of the deals, the companies will be given relief from potential future pharmaceutical tariffs. The agreements include:

- Direct access for patients. President Trump said the companies will "list their most popular drugs" on TrumpRx, which will give all consumers access to "massive discounts." While the full list of drugs that will be available has not been shared, the fact sheet details several drugs that will be available directly through TrumpRx at lower prices:
  - Amgen's cholesterol-lowering drug, Repatha, will be available for \$239, down from \$573
  - Bristol Myers Squibb's HIV medication, Reyataz, will be available for \$217, down from \$1,449
  - Boehringer Ingelheim's Type II diabetes medication, Jentadeuto, will be available for \$55 down from \$525
  - Genentech's flu medication, Xofluza, will be available for \$50, down from \$168
  - Gilead Sciences' Hepatitis C medication, Epclusa, will be available for \$2,425, down from \$24,920

- GSK's asthma inhaler Advair Diskus 500/50 will be available for \$89, down from \$265
- Merck's diabetes medication, Januvia, will be available for \$100, down from \$330
- Novartis' Multiple Sclerosis medication, Mayzent, will be available for \$1,137, down from \$9,987
- Sanofi's prescription blood thinner, Plavix, will be available for \$16, down from \$756, and its insulin products will be available for \$35 for a month's supply.
- MFN pricing for Medicaid. President Trump said, "The companies assembled in this room have agreed to offer all of their drugs to Medicaid at Most Favored Nations pricing." In addition, Bristol Myers Squibb Executive Vice President Cari Gallman said they would offer Eliquis to Medicaid for free.
- Future proofing fairness. President Trump said the companies committed to offering "every new drug produced ... in the future ... at Most Favored Nation prices" on a permanent basis.
- Shared savings. President Trump discussed the need for other countries to increase the prices they pay for drugs to offset the reductions to U.S. prices, noting that the Administration is using tariffs as a negotiation tool. He said, "If we didn't have the use of tariffs, we would never be able to do this."
- Onshoring. President Trump also said each company has committed to building up their domestic pharmaceutical manufacturing in the U.S. He said the companies collectively will invest over \$150 billion. Additionally, as part of the agreements, several companies are donating active pharmaceutical ingredients (APIs) for key products to the Strategic Active Pharmaceutical Ingredients Reserve (SAPIR) "to reduce reliance on foreign nations and ensure the United States has an adequate supply of such products in the event of an emergency."

**MFN price definition.** The Administration has not yet revealed specific details of MFN prices or methodology used to reach MFN prices with the companies. However, CMS Administrator Chris Klomp previously explained how the agency approached its definition of MFN: "We start at net prices, after fees, after rebates, the prices people actually pay here... We then index to a basket of countries, wealthy countries across the world, and we go drug by drug, and we look for the lowest price, and that becomes the starting point for what an MFN price [is] in the United States."

#### CMS Innovation Center Models

**CMS proposes the GLOBE model.** On Friday (December 19), CMS issued a [rule proposing](#) the Global Benchmark for Efficient Drug Pricing Model (GLOBE Model), a mandatory seven-year model that would run from October 1, 2026-September 30, 2033. Under the GLOBE model, CMS would test whether modifying the Part B inflation rebate amount using international drug pricing information would reduce Part B expenditures. The benchmark would be based on either manufacturer-reported international pricing information or available information to CMS for countries with a real gross domestic product per capita that is at least 60% of the United States' and with a minimum real economy size of \$400 billion.

Drugs included in GLOBE would be a subset of Part B rebatable drugs (single source drugs and sole source biological products) and the model would be implemented in selected geographic areas representing 25% of the country's Medicare Part B beneficiaries. The model would not include drugs subject to the Inflation Reduction

Act's drug price negotiation program, during the price applicability period. Part B drugs include those that are typically used in outpatient settings and not administered by a patient such as vaccines, chemotherapy, and immunosuppressants. CMS estimates the model could generate \$11.9 billion in Medicare Part B savings throughout the model period. CMS will accept comment on the proposed model until February 23, 2026. For more information, see the GLOBE model [webpage](#).

**CMS proposes the GUARD Model.** On Friday (December 19), CMS issued a [rule proposing](#) the Guarding U.S. Medicare Against Rising Drug Costs (GUARD) Model, a mandatory seven-year model that would run from January 1, 2027, through December 31, 2033. Under the GUARD model, CMS would test whether modifying the Part D inflation rebate amount using international drug pricing information would reduce Part D expenditures. Similar to the GLOBE model, CMS said it will test two different benchmark methodologies: either manufacturer-reported international pricing information or available information to CMS for countries that meet certain GDP per capital and real economy size thresholds.

CMS said the model would include sole-source drugs and sole-source biological products included in the Part D Inflation Rebate Program in select therapeutic areas and would be implemented in randomly selected geographic areas representing 25% of people who have a Medicare Part D plan. The model would not include drugs subject to the IRA's drug price negotiation program, during the price applicability period. CMS will accept comment on the proposed model until February 23, 2026. For more information, see the GUARD model [webpage](#).

*If you have questions, please contact [Heather Meade](#) or [Heather Bell](#).*

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