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For Immediate Release:

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Statement On The Trump Administration's "Most-Favored-Nation" Drug Pricing Executive Order

Washington, D.C. – The National Coalition on Health Care (NCHC) opposes the Administration's approach to address drug pricing through the "Most-Favored-Nation" (MFN) executive order released yesterday. The executive order rightly recognizes the urgency of addressing exorbitant drug prices, for the sake of the Medicare program and for its beneficiaries, but we encourage the White House to apply this urgency to comprehensive legislation.

"Unfortunately, patients will likely never see relief from this executive action," said NCHC President John Rother. "High drug prices are a top issue for the upcoming election, but the executive order leaves out significant details that could be better addressed through legislation."

A top priority among NCHC's diverse membership is high drug prices and the effects the drug industry's unsustainable practices have on patient out-of-pocket costs and the total costs of care. The Coalition has long supported comprehensive drug pricing reform that protects patients, links launch prices and price increases to objective assessments of value, and improves the overall affordability of the health care system.

Seniors already [struggle](#) to pay for the medications and industry practices have not changed due to the pandemic. In fact, 1 in 4 older Americans [report](#) burdensome out-of-pocket costs. A Gallup and West Health poll [indicated](#) that 90% of Americans are concerned that the industry will use the pandemic to raise prices. AARP [reported](#) increased prices for 245 drugs since the first coronavirus case in the U.S. In January, 87% of Americans believed drug pricing was [a top policy issue](#).

The executive order announced today is vague and does not address immediate shortfalls. First, any rulemaking would be immediately challenged by the pharmaceutical

industry in court, likely on the grounds that this legislation interferes with protected negotiations in Part D (i.e., [non-interference](#)). The timeline for seniors seeing relief from this executive action would already be long, rulemaking could take months or years, and a court case would likely extend this timeline in perpetuity. Second, the MFN only vaguely defines which drugs in Part B or Part D (a crucial addition to the MFN from July) would be affected by MFN: for example, the order only specifies Part D drugs that “lack sufficient competition.” These definitions raise concerns about the ability of manufacturers to increase prices on other drugs under the benefit not technically captured by MFN. Third, the order leaves significant room for cost-shifting between different sectors of the health care system: while drugs in Part D and B may be partially pegged to international prices, commercially negotiated prices may rise. Without a more comprehensive, systemic approach to drug prices, we risk pushing costs onto commercial premiums. Lastly, the bill leaves other crucial details on the table for rulemaking, such as provider reimbursement under Part B. Providers [raised issue](#) with Average Sales Price restructuring in the International Price Index proposed rule, on which much of the MFN is likely based.

In short, far too many details and liabilities are left on the table for effective policy making. The Coalition, instead, urges the White House to garner political support for comprehensive drug pricing legislation built with stakeholder support that accomplishes similar goals and more. Both the House and the Senate have introduced major drug pricing legislation – with broad support on issues that none of the drug pricing executive orders address. The EO and future rulemaking will drain attention from the popular provisions in these bills, such as caps on Part D out-of-pocket spending, that are important to beneficiaries and will be effective. A good-faith legislative process would do more justice to the [public call](#) to address drug prices, especially during the pandemic, than what can be done through existing regulatory authority.

About the Coalition: NCHC is a nonpartisan, nonprofit, multi-stakeholder organization dedicated to promoting health care affordability and accessibility. The Coalition represents more than 80 participating organizations, including medical societies, businesses, unions, health care providers, faith-based organizations, pension and health funds, insurers, and groups representing consumers, patients, women, minorities, and persons with disabilities. Collectively, our organizations represent more than 100 million Americans.