



President Trump Unveils Medicare “Most Favored Nation” Drug Pricing Final Rule

Model Abandons Third-Party Vendor Structure but Would Significantly Disrupt Access to Community Oncology

This afternoon President Trump announced an Interim Final Rule (IFR) to impose international reference prices for Medicare Part B drugs, known as the “most favored nation” (MFN) drug pricing policy. Scheduled to begin in January 2021, the mandatory, 7-year payment model would test paying the MFN price for the 50 highest-spend Part B drugs and biologicals. The MFN price would be phased in over time and based on international drug pricing information from 22 similar countries. In lieu of the current average sales price (ASP) +6% methodology, providers would receive a flat, per-dose add-on payment for administered drugs.

The MFN model is a variation of the International Pricing Index (IPI) model first proposed by the administration in 2018. Unlike IPI, the MFN model does not rely on third-party vendors to distribute drugs – also known as a Competitive Acquisition Program (CAP) structure. Rather, the MFN model would rely on a two-part payment structure: a drug payment amount that will phase in the lowest price in among similar countries blended with ASP, and a \$148.73 flat add-on payment that will be the same for each model drug and adjusted quarterly.

The Network has long-opposed the IPI/MFN model through aggressive advocacy efforts. While appreciative that the IFR seems to have abandoned the concept of a new third-party vendor, The Network remains deeply concerned the MFN model could quickly inhibit patient access to breakthrough therapies while also imposing further complexity in the delivery of cancer care.

It is expected that this proposal will draw multiple legal challenges from a variety of healthcare stakeholders. Please be on the lookout for more information and opportunities to engage policymakers on this important matter.

Alongside release of the MFN rule, the administration also finalized a proposal that aims to eliminate drug rebates provided by pharmaceutical manufacturers to payers and pharmacy benefit managers (PBMs), known as the “rebate rule.” This policy, intended to encourage savings to be passed through to patients, is set to take effect in 2022.

To read the CMS press release on the MFN rule, [CLICK HERE](#).

To read the CMS fact sheet on the MFN rule, [CLICK HERE](#).

To read the text of the MFN rule, [CLICK HERE](#).

To read The Network's comments on the IPI proposed rule, [CLICK HERE](#).

To read the HHS press release on the "rebate rule," [CLICK HERE](#).

To read the HHS fact sheet on the "rebate rule," [CLICK HERE](#).

To read the text of the "rebate rule," [CLICK HERE](#).