

U.S. Announces Negotiated Prices for 15 Drugs Under Medicare

The Trump administration said that had the new prices been in effect last year, Medicare would have saved \$12 billion, which would have reduced its spending on those drugs by 44 percent.

By Rebecca Robbins

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The Trump administration on Tuesday announced new, lower prices for 15 common or costly medications, the result of negotiations between Medicare and drugmakers aimed at reducing the government's high spending on drugs.

The 15 drugs include widely used inhalers and treatments for cancer, diabetes and depression. The negotiations were enabled by a law enacted during the Biden administration without any Republican votes.

The government stands to save billions of dollars from the new prices, which take effect in 2027 and will only apply for Medicare. Had the new prices been in effect in 2024, the administration said, Medicare would have saved \$12 billion, which would have reduced its spending on those drugs by 44 percent.

But the new prices are unlikely to lead to direct savings for most people who get their insurance through Medicare, the federal health insurance program for people over 65 as well as for many younger people with disabilities. That is largely because Medicare beneficiaries already will benefit from a cap on their out-of-pocket expenses for drugs taken at home. In 2027, those costs will be capped at roughly \$2,200, depending on inflation and Medicare's drug spending.

The new prices were made possible by the Inflation Reduction Act, which President Joseph R. Biden signed into law in 2022. The legislation empowered the health secretary to negotiate on behalf of Medicare. The drugs on the list account for high Medicare spending and have been on the market for years.

Pharmaceutical companies fiercely opposed the negotiation program and challenged it in court, but they lost.

The Medicare negotiation program is separate from the voluntary pricing deals that President Trump has been striking in recent weeks with drugmakers like Pfizer and AstraZeneca. But Mr. Trump has been seeking to put his own stamp on a program associated with his predecessor.

The best-known medication on the list published on Tuesday is Novo Nordisk's blockbuster drug, sold as Ozempic and Rybelsus for diabetes (\$277 a month), and as Wegovy for obesity (\$386 a month).

Those prices are higher than the figure the Trump administration announced earlier this month, when it unveiled a voluntary pricing deal with Novo Nordisk for that drug. Administration officials did not immediately return a request for clarification on Tuesday evening about how the two arrangements would interact with each other.

Under that agreement, the government would pay \$245 a month for the drug for certain people on Medicare and Medicaid, starting around the middle of next year. Coverage for people on Medicare taking the drug for obesity will be limited to those who meet certain criteria; they will face a co-payment of no more than \$50 a month.

Stacie B. Dusetzina, a health policy professor at Vanderbilt University who studies drug pricing, said the results of the negotiations were "strong." Still, she said, she was disappointed that the prices announced for Novo Nordisk's weight-loss drug did not mirror those in the voluntary agreement. "I would have preferred that they pushed to have those prices set in stone," she said.

It is not possible to tell how much the new prices will save Medicare for each individual drug. The federal government does not disclose the final prices it pays for medications after taking into account billions of dollars in discounts that reduce Medicare's spending.

The Biden administration oversaw negotiations for 10 other drugs in the first round of the program; those prices will take effect in January. Biden officials said last year that had those prices been in place in 2023, Medicare would have saved \$6 billion, which would have reduced its spending on those drugs by 22 percent.

In both the Biden and Trump negotiations, "we're seeing that the law is having the intended effect of delivering lower prices to the Medicare program," said Juliette Cubanski, a Medicare expert at KFF, a nonprofit health policy research group.

Still, Trump officials have sought to cast themselves as tougher negotiators than their counterparts in the Biden administration.

"This year's results stand in stark contrast to last year's," Dr. Mehmet Oz, who runs Medicare and Medicaid, said in a news release on Tuesday. He boasted that his team had "achieved substantially better outcomes for taxpayers and seniors in the Medicare Part D program — not the modest or even counterproductive 'deals' we saw before."

Democrats pushed back. In a news release on Tuesday, Senator Ron Wyden, Democrat of Oregon, the architect of the measure that created the negotiation program, said: “Today’s announcement is a result of Democratic efforts to lower health costs for older Americans.”

It is difficult to directly compare the results, because the two administrations negotiated prices for different drugs. Dr. Benjamin N. Rome, a health policy researcher at Brigham and Women’s Hospital in Boston, said the greater savings in the second round of the negotiations may be due at least in part to the inclusion of several cancer drugs, where there is little discounting under the current system. He called the overall results “great news.”

Prices for Drugs in Medicare’s Second Round of Negotiations

Prices are the maximum Medicare Part D plans, and the patient will pay for a one-month supply. Prices will take effect in 2027.

1. **Ozempic** and **Rybelsus**, for diabetes, \$277; **Wegovy**, for obesity, \$386
2. **Trelegy Ellipta**, for lung conditions, \$175
3. **Xtandi**, for prostate cancer, \$7,004
4. **Pomalyst**, for blood cancer, \$8,650
5. **Ibrance**, for breast cancer, \$7,871
6. **Ofev**, for lung conditions, \$6,350
7. **Linzess**, for gastrointestinal conditions, \$136
8. **Calquence**, for blood cancers, \$8,600
9. **Austedo** and **Austedo XR**, for neurological diseases, \$4,093
10. **Breo Ellipta**, for lung conditions, \$67
11. **Tradjenta**, for diabetes, \$78
12. **Xifaxan**, for liver and gastrointestinal problems, \$1,000
13. **Vraylar**, for depression, \$770
14. **Janumet** and **Janumet XR**, for diabetes, \$80
15. **Otezla**, for inflammatory conditions, \$1,650