

Trump touts pharma deals to offer cheaper drugs to state Medicaid programs

Every state to participate in GENEROUS model for lower drug prices

By [John Wilkerson](#) – STAT News

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Washington Correspondent

WASHINGTON — President Trump made an announcement Friday to tout one of his initiatives to lower drug prices. It left many questions unanswered.

All 50 states, Washington, D.C., and Puerto Rico will participate in the GENEROUS model, which is intended to give lower drug prices to Medicaid programs, Trump said.

Later on Friday, the Centers for Medicare and Medicaid Services said that 40 states and Puerto Rico had signed agreements to participate, while the others have applied. States have until the end of the month to sign agreements.

As part of broad drug pricing deals with the Trump administration, more than two dozen pharma companies agreed to sell drugs to state Medicaid programs at prices available in peer countries under GENEROUS. The deals are a major component of President Trump's plan to lower drug prices, and have become key to his messaging on affordability.

Under the model, drugmakers will voluntarily provide supplemental rebates for brand-name drugs when the MFN price is lower than the already steeply discounted prices that states get. The MFN price is defined as the second-lowest net price in Canada, Denmark, France, Germany, Italy, Japan, Switzerland, and the UK.

The White House Council of Economic Advisers estimated these so-called most-favored nation deals in Medicaid will produce \$64.3 billion in federal and state savings over a decade. However, a Harvard researcher estimated savings of less than \$10 billion, and those savings

would be even lower if GENEROUS excludes GLP-1 obesity drugs, which are supposed to be covered by a separate pilot program.

An Eli Lilly spokesperson said states may not select its obesity drugs in GENEROUS. Novo Nordisk, the other company with approved weight-loss drugs, did not respond to questions about the program. Any savings would go to states and the federal government. Patients will not directly benefit from the lower prices, as people with Medicaid insurance typically pay little to nothing for drugs.

It's also not clear which drugs are available to states at most-favored nation prices. Details of the deals are not public, but companies such as Incyte and BridgeBio have indicated that only some of their drugs will be subject to GENEROUS. The White House said in a fact sheet that the deals cover hundreds of drugs across major classes, including oncology, diabetes care, and asthma.

States are allowed to choose which drugs they want to include in the program, because they might already be getting better deals on some drugs. This flexibility made GENEROUS a more attractive option for states. States were also given some flexibility on the length of participation, which increased states' willingness to participate, a source outside the administration who is following the developments said.

The pilot officially began on Jan. 1 of this year and is scheduled to run for five years through the end of 2030. States that participate will receive retroactive rebates for this year, according to the request for participation.

The Medicaid deals also could undermine Trump's plan to get companies to provide most-favored nation prices in Medicare. Some of the companies said they were exempted from providing lower prices in Medicare in return for offering them in Medicaid, and Endpoints News recently reported that this exemption was broadly offered to pharma firms.