Drugmakers Shrug Off Trump Pricing Pressure With Record Revenue

By Madison Muller, Robert Langreth, and Rachel Cohrs Zhang
October 29, 2026 at 12:46 PM EDT

Three of the largest US drugmakers reported record quarterly revenue on Thursday. Eli Lilly & Co., Merck & Co. and Bristol Myers Squibb Co. all raised their forecasts for the year. They cited strong demand for new treatments and established blockbusters like Lilly's weight-loss powerhouse Zepbound.

The cost of medical care is a focus for cash-strapped voters days before a US midterm election that will be a referendum on Trump's second term. The drugmakers' results offer a split-screen view from Washington, where the administration has promised some relief from high prescription drug prices.

It may take longer for the policy changes underway to hit drugmaker's income statements. For now, the booming business is making money for investors, who see the pharmaceutical sector as a haven from the volatile tech trade. Shares of Lilly rose 6.7% at 12:40 p.m. in New York, while Merck was up 4.9%.

Major Pharma Companies Set Revenue Records

Lilly, Merck and Bristol Myers had their best quarters ever
Source: Bloomberg

The administration struck so-called most favored nation agreements with virtually every large pharmaceutical company to bring US prices more in line with what other developed nations pay. Trump hosted Oval Office ceremonies with chief executives who promised lower costs in exchange for avoiding threatened tariffs. The administration also launched TrumpRx, a clearinghouse to help Americans find discounted cash prices for certain medications, and crafted new Medicare and Medicaid programs aimed at controlling costs.

Strong demand is helping drugmakers shrug off that mounting pressure, allowing pharmaceutical giants to keep reaping profits. Lilly's finance chief told analysts in a call Thursday that volume growth would more than make up for any pressure on prices.

White House spokesperson Allison Schuster touted savings through TrumpRx, Medicare's GLP-1 coverage program, and all states signing up for a Medicaid discount program as accomplishments.

"President Trump did what no President before him could in securing Most-Favored-Nation drug pricing deals to offer Americans substantial savings that are driving the biggest drop in drug prices in decades," Schuster said in a written statement.

Some drugmakers cut deals with Trump to lower prices in exchange for expanding markets they can reach. Medicare is technically barred from covering weight-loss treatments, but the Trump administration created a workaround in exchange for price concessions from Lilly and Novo Nordisk A/S.

Lilly US chief Ilya Yuffa said the company's obesity drugs will be more widely available in Medicare and Medicaid next year at a lower price. The drugs' prices in the commercial market, where most working-age adults get coverage, will remain "overall stable," he said on a call with analysts.

The company's Zepbound pricing is "holding in strong" around $580 a prescription, excluding Medicare prescriptions dispensed at less than half that price, Evercore ISI analyst Umer Raffat wrote in a note to clients. Based on conversations with the company, he wrote, "they do not expect it to drop off anytime soon."

Price Declines

Most of the price concessions the Trump administration negotiated do not affect the private insurance market where drug companies make much of their money.

Signing White House deals also allowed companies to skirt threatened cuts to prices in the larger Medicare program that would have had more substantial impacts on their bottom lines.

Trump's bargaining followed efforts by former President Joe Biden to use the vast buying power of the Medicare program to drive down prices for older drugs that don't face generic competition. Biden's 2022 Inflation Reduction Act introduced Medicare price cuts on select medications for the first time in history.

Drug Prices Tracked by CPI Decline

By some measures, US drug prices are declining, though the slipperiness of pricing in the industry makes it hard to get a clear picture. The Consumer Price Index, which shows what patients and insurers pay for retail prescription drugs when they're dispensed, suggests medication prices are falling.

That gauge doesn't reflect the net cost of drugs after rebates, so it's an imperfect measure. It also doesn't capture the price of medicines administered in hospitals or clinics, like many of the most expensive, complex medicines for cancer or immune disease.

Those nuances may explain some of the dissonance voters express. Healthcare costs are among the top financial worries for Americans, with drug prices specifically preventing some from filling prescriptions, according to polling from health researcher KFF.