

Trump's watered-down Medicare drug pricing rule saves 96% less than initial proposal

Trump's pharma deals seem to have undermined efforts to rein in Medicare drug costs

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WASHINGTON — The Trump administration published a final rule aimed at lowering Medicare prices for drugs administered in doctor offices. It applies to only four companies.

The Global Benchmark for Efficient Drug Pricing, or GLOBE, is one of two mandatory pilot programs that are part of President Trump's plan to get drugmakers to lower prices in Medicare to levels charged in other rich countries, a policy generally referred to as most-favored nation pricing.

The other pilot, called GUARD, is still in the proposed stage. The pilots are tied to Trump's separate voluntary deals with drugmakers to offer MFN prices to drugs for Medicaid recipients. The companies that struck those deals are exempt from the GLOBE pilot, according to the model's final rule.

The initial proposal did not contemplate excluding companies based on separate voluntary deals with the administration, and as a result included many more drugs. The final rule says GLOBE will now apply to four companies, but it does not specify which ones.

The rule also excludes drugs for rare diseases. However, drugs that treat both rare diseases and other conditions that are not rare will not receive the exclusion.

Medicare actuaries estimate the model's estimated savings have been reduced from nearly \$12 billion in the proposed rule to \$440 million

now. Thomas Hwang, a Harvard researcher who studied GLOBE's potential savings, said that reduction is in line with his estimate.