Workers' Comp

White House Issues Executive Order on Drug Pricing

September 22, 2020
2 MIN READ
Author profile image

Brian Allen

Vice President, Government Affairs

On September 13, 2020, President Trump signed an executive order intended to lower drug prices in the United States. This order is a follow up to an order issued in July that would have given Medicare Part B patients access to medications at the same price paid by patients in other countries. That order was delayed to allow time for the administration and the drug manufacturers to work out a deal. No deal was reached, prompting this new order.

Dubbed a “most favored nation” policy, the new order would include Medicare Part B drugs and extend the policy to Medicare Part D consumers as well. The order grants authority to the Department of Health and Human Services to negotiate drug pricing with manufacturers and would potentially give Medicare recipients access to drugs at the lowest price paid by other countries. It will begin with limited demonstration projects. Implementation of the executive order will require extensive rulemaking, but it is unclear if rules could be completed prior to the election.

PhRMA (Pharmaceutical Research and Manufacturers of America) and the Biotechnology Innovation Organization oppose the executive order. Both groups claim that the order would reduce industry investment into research and development of new medications. If CMS moves forward on rulemaking, litigation will likely ensue.

We do not expect immediate impact to drug prices in the workers' compensation systems across the country. Since the executive order only applies to drugs used in the Medicare system, the impact on the broader retail drug market is unclear. The rate of rulemaking and any success of demonstration projects will determine if the order actually results in lower drug prices in Medicare and whether that success can be translated into the commercial marketplace. In the meantime, the outcome of the November election could derail the order before it ever moves forward. Policymakers in Washington have been pontificating on drug prices for several years but no proposal, so far, has had any material effect on reducing prices for medications in the workers' compensation system. Only time will tell if this new order has any effect on the cost of medications or if it is fated to fail like

many other federal proposals to rein in drug prices.

The executive order can be found here.

For questions on this alert, or any other legislative or regulatory proposal, please contact Brian Allen, vice president of government affairs, at Brian.Allen@mitchell.com or at 801.903.5754.



©2022 Enlyte Group, LLC.

mitchell | genex | coventry