

CAPITOL STREET

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ALERT: New Medicare Drug Pricing CMMI Model Under Review

Medicare Model Likely Distinct From International Benchmarking

Relevant Companies



»» Our Take & Next Up

A new Medicare drug pricing model is in development, in addition to the prior international benchmarking CMMI model posted last week that we alerted [here](#). Today, a pending proposed rule appeared at the White House Budget office, or OMB, called the “Guarding U.S. Medicare Against Rising Drug Costs (GUARD) Model”. OMB link [here](#). The pending model presents another near term risk on drug pricing. It remains unclear if the model will be in Part B or Part D, but this is likely distinct from the previously Global Benchmark for Efficient Drug Pricing (GLOBE) Model seen at OMB on September 25 ([here](#)). See our analysis of GLOBE [here](#). There is mention of a third demo, but we have no detail of it as of now ([here](#)). With one manufacturer agreement in place (and more coming), the industry is looking to put the brakes on the MFN drug pricing model that is under review. But Trump is likely pushing forward on CMS demos to get "wins" ahead of the midterms.

On the MFN front, we are waiting on additional manufacturer commitments in the coming weeks with LLY as soon as next week. We believe that JNJ is also a possibility. Trump secured the first major MFN agreement (with PFE) this week, including MFN price commitments in Medicaid, establishment of TrumpRx for DTC discounts, and a 3 year grace period from pharma tariffs. See our analysis [here](#).

»» Key Points

Another drug pricing model (in Medicare) -- with a possibly a third -- is in the works. CMS is looking to implement drug pricing reform in Medicare with a pending proposed rule called “Guarding U.S. Medicare Against Rising Drug Costs (GUARD) Model”. Link to OMB [here](#). The model will be economically significant. The structure of the GUARD model remains unclear, but we predict that it will be distinct from the international benchmark model seen at OMB in late September.

The Trump Administration is moving forward with now two CMS drug pricing models (in addition to voluntary MFN agreements) to notch some mid-term election wins. As a reminder, the White House may delay the CMMI international benchmarking demo as MFN deals are reached, with manufacturer voluntary

(PFE-like) announcements likely over the next few weeks. Companies are pushing for a commitment that the administration will not pursue MFN rulemaking, and that may not work.

A likely MFN CMS demo (pending proposed rule called “Global Benchmark for Efficient Drug Pricing (GLOBE) Model) was posted to OMB on September 25. See our alert of GLOBE [here](#). We have said previously that if companies do not acquiesce, a CMMI model is next. Manufacturer agreements aim to halt the proposed international benchmarking, but President Trump wants drug pricing "wins" ahead of the midterms. As a result, the Trump administration is likely moving forward on the CMS demos.

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