

CAPITOL STREET

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ALERT: LLY & NOVO GLP-1 Deal Coming

Medicare Coverage in Exchange for Lower Prices; 2027 IRA Negotiation Prices This Week

Relevant Companies



»» Our Take & Next Up

This week, LLY and NVO are likely to announce a MFN deal with the White House to set a lower price (potentially \$149) for their GLP-1 products in exchange for expanded Medicare coverage, according to *EndPoints* ([here](#)). Recall, President Trump hinted at a potential deal with GLP-1 manufacturers during the Oct. 16 press conference announcing a drug pricing deal with EMD Serono on IVF drugs ([here](#)). We expect this deal to be more novel than past announcements, including DTC access and a method of Medicare coverage for GLP-1s that circumvents the legislative ban on obesity drug coverage.

»» Key Points

Doesn't adding Medicare coverage of GLP-1s for obesity need a change in the law? In our view, the Trump Administration can get around the need for legislation by following the prior proposal of the Biden Administration. In 2024 rulemaking (proposed MA/Part D rule), CMS circumvented the weight loss drug noncoverage provision by considering the medications as treatments for the “disease of obesity,” rather than simply “weight-loss drugs” (our take [here](#)). However, the Trump administration chose not to finalize the rule at the time.

Another possible alternative is a voluntary CMMI model for GLP-1s (Medicaid '26 and Medicare '27, orforglipron included), which is likely on deck (our take [here](#)). The Trump administration is considering a 5-year voluntary pilot to provide Medicaid & Medicare coverage of GLP-1s..

Compounders remain an issue for GLP-1s. As a reminder, the period for FDA enforcement discretion that allowed compounders to flourish ended in April/May. However, compounders continue, based on certain FDA guidelines. The drug must not be “essentially a copy” and be for an individual patient benefit. The FDA has been lax around enforcement, but patient safety issues could push the FDA to act.

2027 Wegovy/Ozempic prices are likely to be released this week (due by November 30). We said prices would be out early-mid November. 2027 Medicare MFPs are likely to be lower than net prices seen in 2026 as

the administration was more aggressive in their negotiations this year. There will be one negotiated price for selected drugs that share active moiety (Wegovy/Ozempic/Rybelsus).

We have been expecting another MFN agreement as imminent, with LLY likely next on deck (our take [here](#)). We could also see deals from MRK, JNJ, Regeneron, or ABBV. The next few deals will likely be more tailored to individual companies vs. announced MFN agreements. So far, the terms reached with AZN, PFE and Merck KGaA follow similar structures, including MFN price commitments in Medicaid, establishment of TrumpRx for DTC discounts, and exemption from pharma tariffs. Our take on the PFE deal [here](#). Our take on AZN & EMD Serono deals are [here](#).

MOST FAVORED NATION OUTLOOK

Upcoming MFN voluntary deals are likely bespoke; not cookie cutter deals that will look like the Pfizer & AZN ones. As a reminder, the deals have remained consistent: (1) direct access at TrumpRx (cutting out PBMs) in the self-pay market, (2) MFN prices for Medicaid, (3) pricing parity internationally for all newly launched drugs, (4) trade involvement to get other countries to pay more, and (5) commitments for domestic manufacturing in return for 232 tariff protection.

The companies that cut a deal may get an exemption from the CMS models (GUARD, GLOBE). Both PFE and AZN press announcements noted a sense of certainty on pricing as a result of MFN agreements, despite the administration moving forward with CMMI demos in the background. As a part of the agreement terms, companies may be exempt from the model(s) pending at the White House Budget Office, or OMB. See our analysis of GUARD [here](#) and our take on GLOBE [here](#).

Does the White House take a “wait & see” approach before releasing CMS Pilots? What are MFN prices, anyway? Likely, yes, they would reassess after a slew of voluntary agreements are made. What are “MFN prices?” We think it may entail G7 + Denmark and Switzerland, per recent comments from officials on a Fox podcast.

- Next up, we could see proposed rulemaking for pending CMMI models (GUARD and GLOBE; at OMB [here](#)) this November/December, or 1Q26.
- The demo(s) impacting Medicare & Medicaid would likely be implemented with notice and comment rulemaking to avoid past missteps.
- There is mention of a third demo, but we have no detail of it as of now ([here](#)). See our recent thoughts on potential demos [here](#).

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