

CAPITOL STREET

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38-85% Discounts for 2027 Drugs (15 Total)

Teva's Austedo Manageable While GLP-1 Prices Are Higher Than MFP Announcement

Relevant Companies



»» Our Take & Next Up

Medicare 2027 negotiated price discounts range from 38-85% off list for a 30-day supply (2024), representing steeper discounts than for 2026. Without pomp or circumstance late on the Tuesday before Thanksgiving, CMS released prices and touted net savings of \$8 B, or 36%, when taking into account the coverage gap discount program. This is higher than the estimated \$6B in savings from 2026 negotiations. Fact sheet [here](#).

The Maximum Fair Prices (MFPs) for these 15 drugs will become effective January 1, 2027, bringing the total number of negotiated drugs to 25. This is combined with the 10 previously negotiated drugs with MFPs taking effect January 1, 2026. Gross Medicare spend on 2027 selected drugs was about \$42 B, roughly 15% of Part D spend. Notably, the Ozempic/Rybelsus/ Wegovy negotiated price (\$274) is higher than the MFN negotiated price (\$245). We had said that IRA and MFN prices may not match.

»» Key Points

Discounts off of list prices (2024) range from 38-85% with most prices falling above 50%. 2027 negotiated prices are steeper than discounts for 2026. We had said that 2027 prices are likely to be lower than the roughly net prices seen in 2026. The 2027 negotiation process had occurred simultaneously with the Trump administration's efforts on MFN & pharma tariffs. President Trump wanted steeper price cuts to contrast against the Biden administration's 2026 prices, and RFK Jr. also called for drastically lower negotiated prices for 2027.

As a reminder, 2026 prices represented approximately net pricing, and therefore were not seen as truly killing Medicare pricing. For 2026, prices were better than expected with most negotiated MFPs remaining slightly above estimated commercial rebates. CMS said at the time they would have saved roughly \$6 B if the 2026 prices had been applied in 2023. See our take on 2026 prices [here](#).

CMS achieved higher price discounts this year versus last. This is in part due to a more experienced negotiation team (same career staff from 2026) and the "administration's willingness to walk away." For seven of

the selected drugs, for instance, CMS sent a final written offer which was accepted on or before the statutory deadline. The agency also had the ability to utilize wider therapeutic class data throughout the 2027 process.

We had said that discounts of more than 40% off of the list were likely for selected drugs in 2027 and that is what we are seeing today. Manufacturers noted this fall that CMS was more aggressive in negotiations for 2027. Discounts off of list prices (2024) range from 38-85% with most prices falling above 50%.

- The steepest price reductions are on **Merck's Janumet** (85%), **Boehringer's Tradjenta** (84%), and **Glaxo's Breo Ellipta** (83%), followed by **Ironwood/AbbVie's Linzess** (75%), **Glaxo's Trelegy Ellipta** (73%), and Novo's **Ozempic/Wegovy/Rebelsys** (71%).
- **Teva's Austedo** price reduction (38%) appears manageable at first glance given competitive dynamics with Neurocrine's Ingrezza. Ingrezza is likely to see additional rebates in 2026+ as Neurocrine plans to expand market share while competing with Austedo's negotiated price in Medicare.
- **Novo's Ozempic/Rybelsus/ Wegovy negotiated price is higher than the MFN price (\$245) announced Nov 6.** The MFP is \$274 for a 30 day supply, representing 71% off of the list. CMS will apply the MFP across dosage forms and strengths, but prices will vary by packages (e.g., \$385.63 for 4 Wegovy pens). Medicare prices announced at the GLP MFN event were said to be \$245 with patients paying \$50 [here](#).
- **Amgen's Otezla** (65%), **Bausch's Xifaxan** (63%), **Bristol's Pomalyst** (60%), **Pfizer's Ibrance & Boehringer's Ofev** (both 50%) are next in line with price reductions in the 50-65% range.
- The lowest discounts are on **Pfizer's Xtandi** (48%), **AbbVie's Vraylar** (44%), **Astra's Calquence** (40%), and **Teva's Austedo** (38%).

2027 Drug Negotiated Prices, CMS				
Product	Company	List Price Per Month (2024)	% Change Off List (2024)	2027 Prices
Janumet/ Janumet XR	MRK	\$526	85%	\$80
Tradjenta	Boehringer Ingelheim	\$488	84%	\$78
Breo Ellipta	GSK	\$397	83%	\$67
Linzess	ABBV, IRWD	\$539	75%	\$136
Trelegy Ellipta	GSK	\$654	73%	\$175
Ozempic/Rybelsus/ Wegovy	NVO	\$959	71%	\$274
Otezla	AMGN	\$4,722	65%	\$1,650
Xifaxan	BHC	\$2,696	63%	\$1,000
Pomalyst	BMY	\$21,744	60%	\$8,650
Ofev	Boehringer Ingelheim	\$12,622	50%	\$6,350
Ibrance	PFE	\$15,741	50%	\$7,871
Xtandi	ALPMY/PFE	\$13,480	48%	\$7,004
Vraylar	ABBV	\$1,376	44%	\$770
Calquence	AZN	\$14,228	40%	\$8,600
Austedo/ Austedo XR	TEVA	\$6,623	38%	\$4,093

Source: [CMS](#), 2025.

We expect the Trump administration to be aggressive in 2028+ negotiations. The Trump administration is focused on affordability and drug pricing will continue to be a major healthcare priority area.

2028 selected B&D drugs, and those '26 and '27 products up for renegotiation, are expected by Feb 1, 2026. As a reminder, subcutaneous products are spared in 2028 with CMS maintaining their fixed combination policy in 2028. Orphan products with multiple orphan indications are excluded with the implementation of the "orphan fix." A major issue for 2028 will be the impact of 2028 negotiated prices on provider reimbursement given ASP+6 dynamics, particularly as CMS becomes increasingly aggressive in seeking steeper discounts in 2027+.

2028 CMS drug negotiation timeline is below. By February 1, CMS will release the list of 2028 negotiation drugs and any additional drugs selected for renegotiation.

- **February 1, 2026**— Deadline for CMS to publish the list of up to 15 drugs selected for negotiation for 2028 and any additional drugs selected for renegotiation.
- **February 28, 2026** — Deadline for participating manufacturers to sign agreements to participate.
- **Spring 2026**— CMS public engagement sessions for 2028 selected products.
- **June 1, 2026** — Deadline for CMS to send an initial offer of a maximum fair price (MFP) to manufacturers.
- **Summer 2026** — Negotiation period. CMS will respond to counteroffers from manufacturers within 30 days after a counteroffer or within 60 days of sharing the initial offer.
- **September 30, 2026** — Deadline for CMS to issue its final offers.
- **November 30, 2026** — Deadline for CMS to publish 2028 negotiated and any renegotiated maximum fair prices.

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