

# CAPITOL STREET

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February 24, 2026

## Healthcare High Points in State of the Union

Codify MFN, Health Insurance Accountability, TrumpRx

Relevant Companies

ALL HEALTHCARE

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### »» Our Take & Next Up

The White House circulated healthcare, tax, trade, economic and immigration high points ahead of the State of the Union tonight at 9 pm ET ([here](#)). Below we highlight Presidential achievements and America First priorities going forward. We note that the President's highest priority populist healthcare policies – codifying MFN, HSAs instead of insurance subsidies, and funding CSRs – face a near impossible path in Congress given the lack of legislative vehicles in a mid-term election year. We view most impactful policy in 2026 as likely via regulation or executive order; and will watch for policymaking in annual CMS rulemaking – hospitals, post acute, dialysis, MA, etc.

### »» Key Points

#### ECONOMY & TAX

Datapoints the President will likely highlight are below.

- The latest Consumer Price Index shows inflation at 2.4%, an eight-month low.
- Core inflation has fallen to 2.5%, its lowest level since March 2021.
- The average tax refund is nearly 15% higher than the previous year as a result of the *WFTC (Working Families Tax Cuts)*, leading to increased take-home pay by as much as \$13,300.
- Americans are seeing an average tax refund that is nearly 15% higher than the previous year thanks to the *WFTC*
- The average 30-year fixed mortgage rate has dipped to a new multi-year low, driving monthly housing payments to their most affordable levels in over two years and mortgage affordability to a four-year high.
- Mortgage refinance applications have surged 132%, allowing homeowners to lock in lower rates and save thousands annually.
- Re SCOTUS decision, tariffs have already strengthened supply chains, ended decades of one-sided trade arrangements, and ensured that critical goods will be made and sourced in America.

#### HEALTHCARE

**President Trump's Great Healthcare Plan reportedly saves \$36 B / ten years.** The plan – released Jan 16 (our take [here](#)) repackages existing GOP priorities such as PBM reform – which has already happened – as well as funding cost-sharing reductions, and MLR transparency mandates for insurers. The plan also includes shifting ACA subsidies toward HSAs. Codification of Most Favored Nation drug pricing to align U.S. costs with international benchmarks is unlikely this year.

**HSA options would allow Americans' greater choice versus allowing health insurers to thrive and profit in government programs.** The plan stops “sending big insurance companies billions in extra taxpayer-funded subsidy payments” and instead sends that money directly to eligible Americans to allow them to buy the health insurance of their choice. With EPTC funding expired, we anticipate Democrats will hammer Republicans going into the mid terms on this issue since it impacts healthcare affordability.

#### **DRUG PRICING: MFN**

**Passing MFN deal terms into law is unlikely in 2026 but now Dems want to add MFN to Medicare Drug Negotiation.** Senate Finance Committee Ranking Member Ron Wyden (D-OR) called for MFN in IRA, indicating that international benchmark prices should be a factor in negotiating Medicare prescription prices. Wyden also asked for additional drugs in the IRA above the 10-15 per year. He lastly asked for additional incremental PBM reform after the healthcare extenders passed with the budget on February 3, 2026.

**You can't put that genie back in the bottle: Most Favored Nation, embraced by Trump, is becoming a policy that both sides of the aisle like.** This means that MFN risks will extend into the next Congress and Administration, and will exist for some time.

**President Trump announced 16 MFN deals (not 17).** We understand that one remaining holdout (REGN) may be a No for now. With the release of GUARD & GLOBE (comments were due today), a layer of Biopharma companies who did not embrace voluntary agreements with the White House (Alnylam, Biomarin, Incyte, Alkermes and others in the Midsized Biotech Alliance [here](#)) want to hatch deals so that they are not impacted by GUARD & GLOBE.

#### **DRUG PRICING: TRUMPRX**

**The TrumpRX rollout is ongoing (our take [here](#)), as more medicines will be added.** The direct-to-consumer platform will offer access to lower-cost generics and biosimilars, allowing patients to purchase medicines directly from manufacturers at government-negotiated, most-favored-nation prices, bypassing traditional middlemen.

**Insulin pricing reform is included, though that happened under the last Administration.** President Trump's [EO](#) on drug affordability aims to provide discounts to low-income patients, pricing insulin prices for low-income patients and the uninsured to as low as \$0.03. After increasing 9.0% in total under Biden, prescription drug prices fell -0.5% in President Trump's first year in office (according to WH preview text; no source is provided). Recall that the \$35 cap on OOP costs for insulin was implemented in 2023 (Part B&D), as manufacturers offered up their own concessions in this timeframe as well.

#### **BIOSIMILARS & GENERICS**

**President Trump touts efforts to expand access to generics and biosimilars, noting they are often priced up to 80% less than brand name drugs.** He believes expansion of generics and biosimilars are central to

building a fairer, more competitive prescription drug market that drives down costs for patients.

**We note that generics and even a handful of biosimilars are available on TrumpRx.** As mentioned above more medicines will be added in several phases this year. GoodRx is affiliated with TrumpRx.

## **MEDICAID AND RURAL HEALTH**

**The Rural Health Transformation fund (\$50 B over 5 years) has been 50% allocated to states, with the remainder to be released soon.** The second, and final tranche, will be truly intended for rural states, unlike the prior policy that provided smaller portions of funds for all 50 states.

**As a reminder, under the *Working Families Tax Cuts (OBBB)*, Medicaid work requirements and provider-tax reforms are phased in over the next several years, with full implementation in 2027–2028.** Beginning October 1, 2026, Medicaid provider-tax financing rules tighten (saving \$191 B/ten) with the statutory phase-down from 6% to 3.5% starting in fall 2027. States must also implement Medicaid work requirements by December 31, 2026 (saving \$326 B/ten).

**The administration touts several commonsense Medicaid reforms to address waste, fraud and abuse priorities.** These reforms include removing deceased individuals from Medicaid rolls and strengthening eligibility verification to prevent improper enrollment.

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