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## MFN: Where Are We Now?

Manufacturer Announcements Pending; CMMI Models Likely Mandatory

Relevant Companies



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## »» Our Take & Next Up

**We are watching for additional MFN announcements that could come as early as this week & may not be limited to Medicaid alone.** The next announcements could come from, but are not limited to, Merck, AstraZeneca, Eli Lilly, Regeneron, or AbbVie. The "deals" will likely be spread out. We believe deals may extend outside of Medicaid, though that seems less likely and if so, it would pertain to a limited portfolio of products. Last week, Trump secured the first major MFN agreement with PFE, including MFN price commitments in Medicaid, international pricing parity for new launches, establishment of TrumpRx for DTC discounts, and a 3 year grace period from pharma tariffs. Our take [here](#).

**On the pending CMMI models, we believe that GUARD and GLOBE are likely mandatory models (like the 2020 MFN model) impacting Medicare and/or Medicaid.** We have said that Trump is likely pushing forward on CMS demos to get wins ahead of the midterms. Last week, 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". See our analysis of GUARD [here](#). The model is distinct from the "Global Benchmark for Efficient Drug Pricing (GLOBE) Model" seen at OMB on September 25. Models are likely to move forward. See our take on GLOBE [here](#). There is mention of a third demo, but we have no detail of it as of now ([here](#)).

## »» Key Points

**Additional MFN announcements could come as early as this week, and into next.** Eli Lilly is in the mix, as may be Regeneron, AstraZeneca, AbbVie and others such as Merck and Johnson & Johnson. Last week, Trump announced the first MFN agreement with PFE. See our analysis [here](#). Additional voluntary agreements are likely to follow a similar structure as the Pfizer deal, however we may see other lines of business impacted. The voluntary agreements focus on Medicaid while CMS is likely to be Medicare focused.

**Key principles of the MFN negotiation deals focus on the following:** (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. We noted as a tradeoff, manufacturers are likely to be protected from tariffs as a result of MFN agreements.

**How will MFN pricing be defined by CMMI?** This is a key unanswered question. In Trump's May EO ([here](#)), the administration defined MFN target prices as the lowest price in an OECD country with a GDP per capita of at least 60% of the U.S. GDP per capita. Countries that could be used as reference include a majority of EU countries (Germany, Belgium, Sweden, Switzerland) and the UK.

**The two CMS drug pricing models are likely to be mandatory and likely impact Medicare (Part B/maybe Part D) & also Medicaid.** The Trump Administration is moving forward with two drug pricing demos to notch mid-term election wins, on top of the voluntary MFN agreements. We believe that the pending CMMI models (GUARD and GLOBE; at OMB [here](#)) are likely to be mandatory models similar to the 2020 MFN model. However, unlike 2020, the administration has likely learned from industry pushback and are expected to implement the demos with notice and comment rulemaking. There is mention of a third demo, but we have no detail of it as of now ([here](#)).

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