



IPI/MFN EO Threatens Access & Innovation

Recently, President Trump signed an executive order (EO) that could affect seniors' access to innovative medicines. Known as the "Most Favored Nation" (MFN) executive order, it builds on a previous proposal called the "International Pricing Index" (IPI) Model. If acted upon, the EO would dramatically alter how Medicare reimburses for medicines under Part B, switching to a system that relies on prices set by foreign politicians – a system that is likely to discourage continued investment in medical innovation.

Medicare Part B covers physician-administered treatments for chronic conditions such as cancer, lupus, rheumatoid arthritis, and other serious illnesses. By focusing solely on Medicare Part B, the EO could substantially affect access to current and future innovative medicines for these conditions.

What is the IPI/MFN Executive Order?

Currently, Medicare reimbursement for Part B medicines is based on the market-based Average Sales Price (ASP) of that medicine. The EO could:

- Replace this market-based payment structure with a government price-setting scheme where prices for medicines in the United States are decided based on prices set by foreign politicians.
- Insert third-party middlemen into the process; instead of physicians and other providers buying the treatments directly, these middlemen would purchase them and then supply providers with the medicines.

How Would the IPI/MFN Executive Order Harm Patients?

- Many of the referenced foreign countries in the IPI Model have government-run health care systems that restrict patient access to innovative medicines.
 - A Department of Health and Human Services report examined 16 countries with government set pricing and found that every country examined had fewer treatment options and access delays to new medicines compared to patients in the United States.
- U.S. patients could face access barriers and treatment delays of as much as 2 years like patients in other countries.
- The use of third-party middlemen could add administrative burdens to providing care, potentially delaying or even disrupting already effective treatment plans.
- These changes also could diminish a physicians' autonomy and flexibility to alter or change a patient's treatment by adding a third-party into an already efficient system.



How Would the IPI/MFN Executive Order Impact Medical Innovation?

- The types of medicines covered by Part B treat very complex conditions. Government price-setting schemes have the potential to limit the availability of new medicines and prevent manufacturers from recovering the costs of research and development, ultimately discouraging future investment in the production of new, innovative treatments.
 - In a survey of PhRMA member companies, 77 percent of companies said that if the IPI goes through, it will affect their ability to pursue current or future R&D projects while 70 percent expected significant cuts in cancer R&D.
- Discouraging innovation could be devastating as Part B beneficiaries heavily rely on medical innovation to produce more effective treatments for serious conditions. Now, more than ever, America needs medical innovation to provide safe, effective solutions amid the coronavirus pandemic.

