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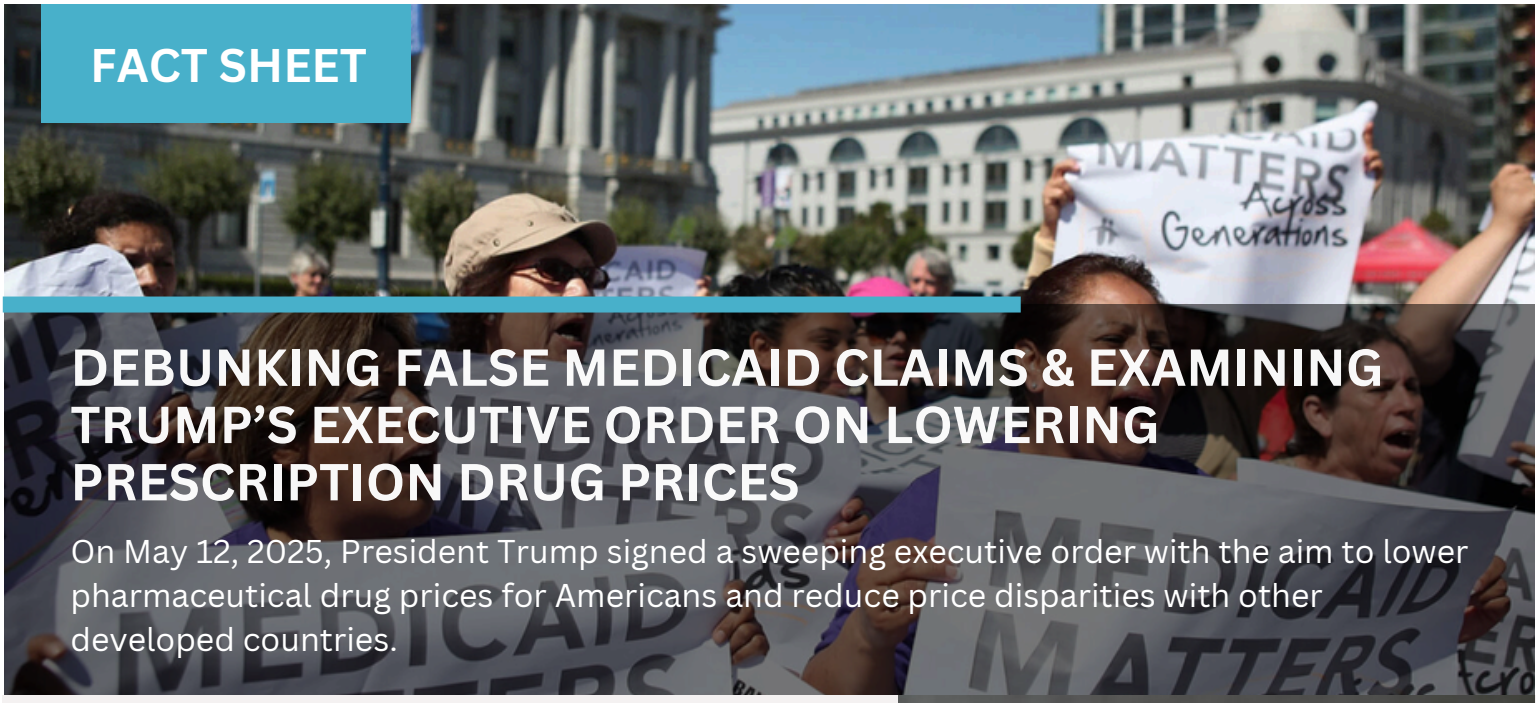


DEBUNKING FALSE MEDICAID CLAIMS & EXAMINING TRUMP'S EXECUTIVE ORDER ON LOWERING PRESCRIPTION DRUG PRICES

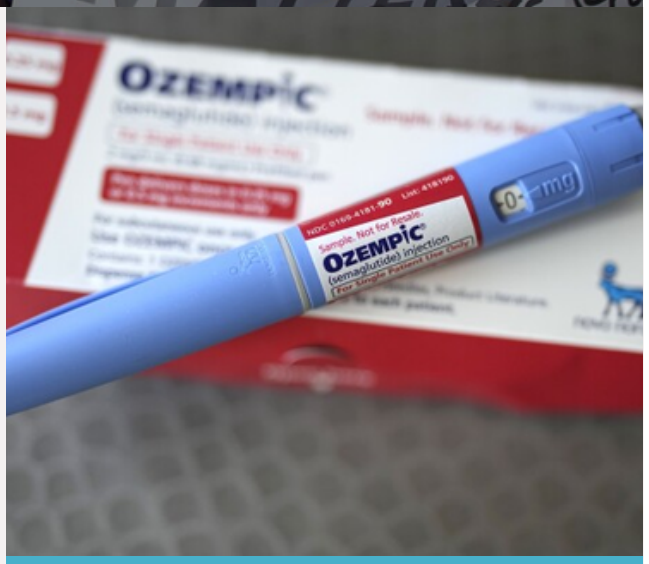
On May 12, 2025, President Trump signed a sweeping executive order with the aim to lower pharmaceutical drug prices for Americans and reduce price disparities with other developed countries.

Key takeaways from President Trump's executive order on prescription drug prices:

- Implementing a "most-favored-nation" pricing model tying the price the US pays for medications to lower prices paid by other nations
- Ending unfair practices that force Americans to bear disproportionate burdens
- Establishing programs and mechanisms that enable direct-to-consumer sales to American patients

Falsehoods spread by Democrats and mainstream media:

- Despite claims from media outlets and Democrat politicians, the GOP budget plan only reduces Medicaid payments to fraudsters, illegal immigrants, able-bodied adults who don't work 80 hours per month, and those with incomes above the federal poverty line.
- Democrats and left-leaning organizations have inundated news releases and social media posts with the claim that 13.7 million Americans would be uninsured, an exaggeration millions higher than estimates from the Congressional Budget Office.



Americans pay significantly more for prescription medications than other consumers; for instance, the weight-loss drug Ozempic costs 10 times more in the US compared to the rest of the developed world.

A 2024 study by the Rand Corporation also found that across all pharmaceutical drugs, US prices were on average nearly 3 times higher than those found in other comparable countries.

Debunking False Medicaid Claims & Examining Trump's Executive Order on Lowering Prescription Drug Prices

Executive Summary

On May 12, 2025, President Trump signed a sweeping executive order with the aim to lower pharmaceutical drug prices for Americans and reduce price disparities with other developed countries. Trump's announcement came just hours after House Republicans released their plan to slash Biden-era costs and advance tax cuts in the form of the "One Big Beautiful Bill Act." During a press conference, Trump claimed his action will lower prescription drug prices in the US by up to 90% and "equalize" drug prices globally.

Americans pay significantly more for prescription medications than other consumers; for instance, the weight-loss drug Ozempic costs 10 times more in the US compared to the rest of the developed world. A 2024 study by the Rand Corporation also found that across all pharmaceutical drugs, US prices were on average nearly 3 times higher than those found in other comparable countries.

Following President Trump's executive order and the unveiling of the GOP spending bill, many Democrats and mainstream media outlets are spreading falsehoods about Medicaid reforms included in the "One Big Beautiful Bill Act." This document will dive into the President's prescription drug executive order and separate truth from fiction when it comes to Medicaid.

Notable Medicaid falsehoods include:

1. Critics claim the GOP spending bill will lead to 13.7 million Americans becoming uninsured
2. Democratic lawmakers have claimed the plan would raise health insurance copayments

Key takeaways from President Trump's executive order on prescription drug prices:

1. Implementing a "most-favored-nation" pricing model tying the price the US pays for medications to lower prices paid by other nations
2. Ending unfair practices that force Americans to bear disproportionate burdens
3. Establishing programs and mechanisms that enable direct-to-consumer sales to American patients.

Most-Favored-Nation Pricing

"Most-favored-nation price" refers to the lowest price for a pharmaceutical product sold by a manufacturer in a member country of the Organization for Economic Cooperation and Development (OCED) with a comparable per-capita gross domestic product (GDP per-capita). Trump originally signed an executive order on most-favored-nation pricing in late 2020 which aimed to tie Medicare Part B and Part D drug prices to those in other countries, but the order faced court challenges and was ultimately dropped by the Biden Administration.

- The current executive order directs HHS Secretary Robert F. Kennedy Jr. to set clear most-favored-nation price targets for pharmaceutical manufacturers to meet within 30 days.

- If pharmaceutical manufacturers fail to meet or make significant progress towards meeting set price targets, then Secretary Kennedy shall be tasked with developing a new rule directly tying drug prices paid by the US to lower prices paid by other countries.

- Trump told a press conference that the government would impose tariffs if drug prices in the US did not match those in other countries.

- The HHS Secretary and FDA Commissioner, in accordance with the Federal Food, Drug, and Cosmetic Act (FDCA), shall also consider importing from developed countries with low-cost prescription drugs on a case-by-case basis.

- Without congressional action, the current executive order is likely to face legal obstacles similar to those faced by the previous order issued during Trump's first presidency.

- PhRMA CEO Stephen Ubl decried the move, arguing that lowering prices would lead to less treatments and cures, "jeopardize" hundreds of billions worth of planned investment in America by PhRMA's member companies, and make the US "more reliant on China for innovative medicines."

- The concept of most-favored-nation pricing also remains unpopular with some Republicans, with Senate Majority Leader John Thune (R-SD) saying it would be "fairly controversial" if Trump tried to push the policy through legislatively instead of via executive order.

Ending Unfair Practices and Disproportionate Burdens

This executive order is in line with President Trump's longstanding view that the US is subsidizing other countries without adequate return. Pharmaceutical manufacturers deeply discount products to access foreign markets and subsidize the decrease through high prices in the US. During the first Trump presidency, the Council of Economic Advisors determined that Americans finance most of the world's biopharmaceutical innovation. The current Trump Administration states that the US funds roughly 75% of all global pharmaceutical profits despite having less than five percent of the of the world's population. Americans are effectively subsidizing innovation and lower-cost drugs for the rest of the world.

- The current executive order tasks the Secretary of Commerce and the US Trade Representative to "take all necessary and appropriate action" to ensure other countries are not engaged in discriminatory policies or practices that force Americans to pay for a disproportionate amount of global pharmaceutical research.

- The order also urges the Federal Trade Commission (FTC) to consider aggressive enforcement against "anti-competitive" practices by drugmakers, such as patent manipulation and deals with generic companies to delay market entry of cheaper alternatives.

- President Trump threatened pharmaceutical companies with federal investigations into their business practices.

- A month prior to issuing this executive order, Trump ordered the FTC to hold listening sessions on anticompetitive practices in the drug industry

Direct-To-Consumer Sales

President Trump has reiterated his longstanding criticism of pharmaceutical industry companies that own pharmacy benefit managers (or PBMs), such as CVS and Cigna, emphasizing their role in distorting drug pricing. In his statement responding to the executive order, PhRMA CEO Stephen Ubl said one of the reasons for high drug prices was "middlemen" driving up prices for patients. The pharmaceutical industry has blamed middlemen such as PBMs for high prices and adding hidden costs to prescription drugs.

- The current executive order bypasses middlemen by directing the HHS Secretary to facilitate direct-to-consumer purchasing programs for pharmaceutical manufacturers to sell products directly to American patients at the most-favored-nation price.

- American reliance on employer-sponsored health plans could pose a challenge to implementation and require congressional oversight to enforce, according to Morningstar analyst Julie Utterback; since PBMs provide bundled services to clients, employers could effectively maintain the same price plan by raising costs elsewhere.

- Greg Lopes, VP of public affairs for the Pharmaceutical Care Management Association, countered by saying that PBMs were the only check against drug companies' "unlimited pricing power."

- Health policy lawyer Paul Kim warned that the current executive order's suggestion of direct-to-consumer importation "stretches well beyond what the statute allows."

Potential Effects on Medicare, Medicaid, and Private Insurance

The federal government spends hundreds of billions of dollars annually on various prescription drugs, injectables, transfusions, and other medications through Medicare, with the Department of Health and Human Services having the most (but still limited) authority to change prices of drugs covered by Medicare and Medicaid. During the Biden Administration, Congress approved a law in 2022 that allowed Medicare to negotiate the price it paid for certain prescription drugs. Prior to the law, Medicare paid what drug companies charged. Medicare began negotiating drug prices for the first time in 2024 under new authority granted by the Inflation Reduction Act (IRA), but the new prices for the first 10 drugs won't go into effect until 2026.

- The White House did not release specifics of exactly how much money this current executive order would save.

- White House officials said that the order will not focus on a specific class of pharmaceuticals, but that the administration will look at the most costly medications.

- Trump did not specify which insurance programs would be affected.

- It is also unclear what legal authority the administration would have to extend the policy impact to the private insurance market.

- Prior to Trump taking office in January, the Biden Administration expected $6 billion in savings to taxpayers once the first batch of previously negotiated drug prices go into effect in 2026.

- A second batch of prices for 15 drugs are being negotiated in accordance with the IRA, with final prices set to take effect in 2027 if successful; should manufacturers end up rejecting the Trump Administration's final offer, their drugs could be dropped from coverage under Medicare Part D, losing them access to more than 50 million customers enrolled in the program.

- According to the White House, the drug prices negotiated by the Biden Administration were still 78% higher than those in 11 comparable countries.

- Centers for Medicare and Medicaid Services Administrator Dr. Mehmet Oz said that the current executive order will bring down prices even further without specifying numbers.

- PhRMA CEO Stephen Ubl criticized the executive order as an act that will "cut billions of dollars from Medicare with no guarantee that it helps patients or improves their access to medicines."

Democrats And Mainstream Media Falsehoods About Medicaid Reforms

Following President Trump's executive order and the unveiling of the GOP spending bill, many Democrats and mainstream media outlets are spreading falsehoods about Medicaid reforms for partisan political purposes.

- According to the *New York Times*, Democrats and left-leaning organizations have inundated news releases and social media posts with the claim that 13.7 million Americans would be uninsured, an exaggeration millions higher than estimates from the Congressional Budget Office.
    - 5.1 million Americans would lose subsidies at the end of the year due to expiring provisions in the Inflation Reduction Act. The law was passed by Democrats, and the sunset to the subsidies at the end of 2025 was included because Senator Joe Manchin insisted it be included. Democrats are attempting to include this number into the estimates the CBO provided for the new Republican bill
- FactCheck.Org ruled that Democrats have exaggerated the estimated impact of the Republican bill to rein in Medicaid spending.
    - The CBO estimated that 8.4 million people would health lose coverage by 2034 if the Republican proposal passes. This includes 7.7 million because of changes to Medicaid and 900,000 due to changes in enrollment standards in the ACA.
- Despite claims from media outlets and Democrat politicians, the Republican budget plan only reduces Medicaid payments to fraudsters, illegal immigrants, able-bodied adults who don't work 80 hours per month, and those with incomes above the federal poverty line.

- During a House hearing, Rep. Alexandra Ocasio-Cortez repeated the false number saying “there are 13.7 million Americans on the other side of that screen there”
- Senator Bernie Sanders claims that the Republican plan would raise health insurance copayments to be a “death sentence,” despite the fact the plan lowers the maximum copay for Medicaid recipients from $100 to $35 to reduce financial burdens on Medicaid recipients.