

# Most-Favored Nations (MFN) Policies in 2026: Strategic Considerations for Pharma

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## Introduction

Months of anticipation following the current administration's MFN executive order and letters to 17 top pharmaceutical companies has culminated in the past quarter in three CMS reimbursement models – GLOBE (Part B FFS), GUARD (Part D), and GENEROUS (Medicaid). These current administration policies tackle a much larger cross-section of US drug prices, benchmarking to exchange rate- and purchasing power parity-adjusted prices observed in a basket of economically comparable countries and adding a global pricing comparator to the domestic framework established by IRA under the prior administration. **Though the models are selective in the scope of their impact (GENEROUS is voluntary, while GLOBE and GUARD impact only ~25% of Part B FFS and Part D beneficiaries, respectively), they represent a continuation of the dichotomy we discussed in our most recent piece on IRA – a push for lower drug prices and volume-driven markets even as their initial impact leads to higher rebates, and an increasingly confounding policy environment for manufacturers to launch and contract within.**

## GENEROUS – A Potentially Counterintuitive Increase in Spend for Medicaid Payers

The first of the current administration's MFN models to be released, GENEROUS is unique compared to GLOBE and GUARD primarily in two capacities: (1) it is voluntary rather than mandatory, and (2) it is collaborative in access rather than simply being prescriptive in pricing. As manufacturers' drugs are being evaluated for potential pricing reductions under the MFN model, manufacturers are also given the opportunity to negotiate with state Medicaid agencies for access benefits such as PDL placement and reduced utilization management.

These factors should raise a complicating question in the minds of manufacturers (and payers) with

meaningful Medicaid volume in their books of business – is there opportunity for manufacturers to increase access and unlock demand as drug prices are reduced? Triangle Insights anticipates that MCO payers (who are subject to state Medicaid agreements with manufacturers under GENEROUS) will be less enthusiastic about potential increases in spend that may result from highly managed drugs in Medicaid today. Expensive medications in therapy areas such as psychiatry often involve complicated prior authorizations and multiple step therapy requirements – improved access to expensive treatment options, even at reduced prices, could still end up costing Medicaid payers more in the long run.

## GLOBE, GUARD, and GENEROUS – Dichotomy of Incentives for Pharmaceutical Pricing Strategy

However, while GENEROUS may provide opportunity to increase volume at the expense of price, it (as well as GLOBE and GUARD) still fundamentally operates as a supplemental rebate agreement from manufacturers – increasing gross-to-net (GTN) spread rather than lowering net prices. Since model rebates are paid to CMS rather than exposed to the broader drug channel, little behavioral incentive exists for manufacturers (many of whom have struck confidential deals with the Trump administration) to change their current pricing approaches absent competitive forces (e.g., new transformative drug launches at close-to-net prices).

While the stated objectives of the current administration for GENEROUS (voluntary) and GLOBE and GUARD (minority of beneficiaries impacted) were to lower the price of pharmaceuticals for patients, the practical reality of designing the models as rebate agreements serves only to increase the GTN spread in the market overall. Triangle Insights anticipates that these competing incentives will come in conflict as transformative therapies come to market:

- “Will lower list prices be favored to align with ex-US markets?”
- “Or, will manufacturers continue to leverage supplemental rebates to follow the incentive structures set by Part D Redesign and at play in the Commercial channel?”

As we continue the white paper series, we’ll explore the extent to which rebate incentives, particularly in the Commercial channel, are expected to persist or transform in the coming years – driven by federal rebate reform and the emergence of the direct-to-patient (DTP) channel.

### Strategic Considerations

1. Manufacturers must apply to participate in the GENEROUS Model by April 30th, 2026 to offer MFN prices to state Medicaid programs through supplemental rebate agreements (which include the opportunity to negotiate for improved coverage and management)
2. Manufacturers in GLOBE and GUARD will owe the greater of a) the MFN-adjusted weighted-average net price across included countries, and b) the difference between US list price and the lowest MFN-adjusted benchmark price across included countries – careful analysis of which scenario is more favorable (based on the therapeutic area, book of business, and reference countries involved) as well as potential spillover effects (e.g., disclosure of confidential discounts to different reference countries) will be critical
3. Manufacturers will face pressure to avoid “outlier low prices” or delay launch in certain markets – careful analysis of each product’s clinical and economic value proposition in each market will be important to consider for specific ex-US launches (or launching ex-US in general)

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