Press Release

Maximum Fair Price Impacts in Medicare, Medicaid, and the 340B Program

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The Centers for Medicare and Medicaid Services continues to negotiate a maximum fair price (MFP) for the top 10 most used drugs in Medicare as required by the Inflation Reduction Act (IRA). In a new insight, Director of Health Care Policy Laura Hobbs explores potential impacts and disruptions the first 10 MFPs could have in Medicare, Medicaid, and the 340B Program.

Key points:

- Medicare Part D plans are less likely to prefer MFP drugs over non-MFP drugs – as the former will not offer additional rebates or discounts to the plan, meaning they cannot generate revenue to offset premiums or generate plan profits – and thus, MFP drugs will become less attractive over time.
- Establishing an MFP in Medicare will have a ripple effect on Medicaid's Best Price formula and the 340B Drug Pricing Program, pushing the latter's procurement to favor non-MFP drugs over MFP drugs.
- This would likely reduce access to commonly used medications and raise prescription drug costs for seniors, contrary to the intent of the IRA's drug pricing negotiation provisions.

Read the analysis