2026 Outlook on the Management of Drug Price Negotiation Program and Competitor Drugs

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Background

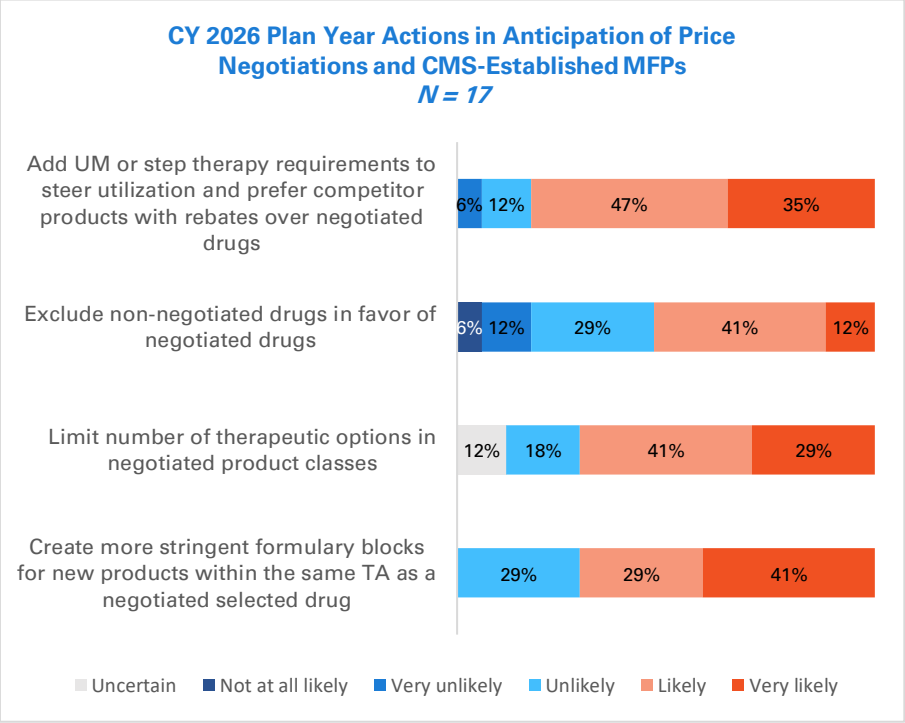
Passed in August 2022, the Inflation Reduction Act (IRA) is one of the largest and most consequential pieces of legislation affecting the healthcare and pharmaceutical industries since the passage of the Affordable Care Act in 2010. A key healthcare-related provision of the IRA is the Drug Price Negotiation Program (DPNP), which allows Medicare to directly negotiate the prices of certain high-cost prescription drugs with manufacturers, resulting in a Maximum Fair Price (MFP).

The following includes highlighted results from the fifth iteration of Magnolia Market Access' Payer Insights Survey- conducted to assess how the IRA will affect the Medicare Part D program, including formulary coverage and use of utilization management (UM) for both Drug Price Negotiation Program (DPNP) negotiated and non-negotiated products.

Plans favor increased restrictions in therapeutic areas (TAs) with negotiated drugs, regardless of individual drug selection for Maximum Fair Price (MFP) negotiations

The majority of plans favored various approaches to increased restrictions; however, rebates remain a primary driver in payer decision making of product preferences. Plans indicated they will still aggressively seek rebates from negotiated drugs, regardless of the established MFP. Net price will be key, and plans will still prefer products with the largest rebate, regardless of DPNP selection.

In anticipation of price negotiations and CMS-established MFPs, plans indicated their likelihood to take the following actions:



Most plans (**82%**) will add UM or step therapy (ST) requirements to prefer competitor products with rebates over negotiated drugs. Nearly three-quarters of plans (**70%**) will limit the number of therapeutic options in negotiated product classes. Similarly, most plans (**70%**) will use more stringent formulary blocks for new products within the same TA as negotiated drugs. More than half (**53%**) will exclude non-negotiated drugs in favor of negotiated drugs all together.

Context & MMA Insight

The IRA requires plans to cover negotiated drugs but does not explicitly state that negotiated drugs must be preferred. In recent guidance, the Centers for Medicare and Medicaid Services (CMS) has noted that they are monitoring their coverage status. MMA anticipates future regulations requiring less restrictive coverage for negotiated drugs, regardless of the clinical justification plans are currently making for their formulary decisions.

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As plans adapt to the realities of IRA implementation, the adoption of novel UM strategies is likely to grow in popularity.

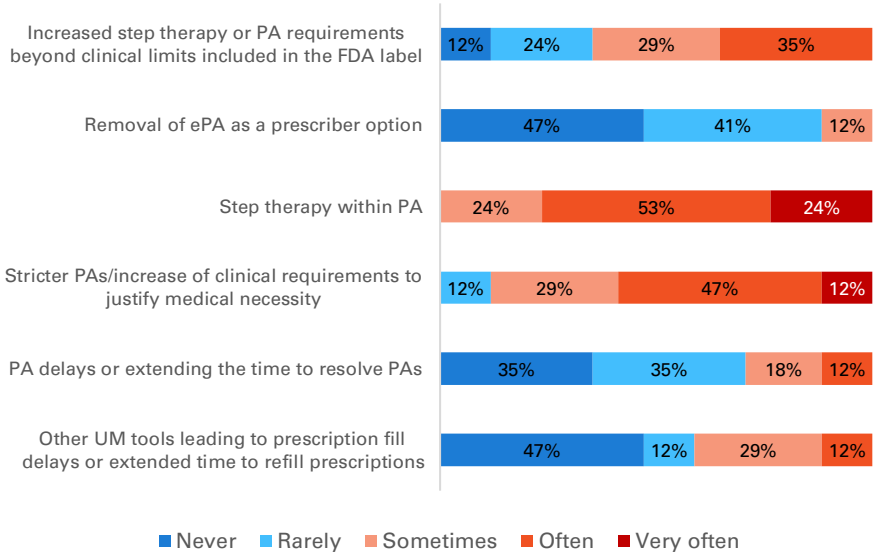
Novel UM strategies will continue to evolve with perceived market need. Plans asked if they intended to employ novel formulary management tools in response to the IRA indicated that they may take the following actions:

Plans (**64%**) will increase ST or prior authorization (PA) requirements beyond clinical limits included in the FDA label. Nearly all plans (**88%**) will keep ePAs as a prescribed option. All plans (**100%**) indicated they will likely use step therapies within PA. Additionally, the majority of plans (**88%**) intend to use stricter PAs or increase the clinical requirements to justify medical necessity. Less than one-third (**30%**) will use PA delays or extend the time to resolve PAs. Most plans (**69%**) will not use other UM tools to delay prescription refills.

Context & MMA Insight

As we approach the open enrollment season (October 15th to December 7th), providers should be aware that their patients' plan designs may have shifted and prepare accordingly to prevent any delays or lapses in treatment.

CY 2026 Plan Year Actions in Relation to Novel Formulary Management Tools
N = 17



Methods

The Magnolia Market Access, IRA Payer Insights Survey, was released in July 2025. It included findings from a 45-minute web-based survey completed by 17 medical and pharmacy directors from national and regional payers, and pharmacy benefit managers, accounting for over 250 million covered lives. Survey results were supplemented with 8 60-minute synchronous remote interviews conducted with industry experts, including actuaries and medical and pharmacy directors from national/regional payers, pharmacy benefit managers (PBMs), and integrated delivery networks (IDNs).

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