



## USIJ White Paper: Analysis of Public Comments Opposing the MFN Prescription Drug Pricing Model

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### Introduction

On May 12, 2025, President Trump issued Executive Order 14297, titled "Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients."<sup>1</sup> The order directs the U.S. Trade Representative (USTR) and other federal officials to identify and counteract foreign practices that result in Americans paying disproportionately for pharmaceutical innovation. Notably, the order calls for a harmful pricing mechanism that ties U.S. drug prices to the lowest prices paid by other nations — the Most-Favored-Nation (MFN) model.

In response to USTR's request for public comments (Docket No. USTR-2025-0011)<sup>2</sup>, many organizations detailed their concerns with the MFN policy. This paper offers a comprehensive synthesis of the arguments made in these submitted comments.

### I. Threats to American Biopharmaceutical Innovation

The most frequently cited concern was the threat MFN pricing poses to America's innovation ecosystem. Numerous organizations including the Center for Innovation and Free Enterprise (CIFE)<sup>3</sup>, Citizens Against Government Waste (CAGW)<sup>4</sup>, and Americans for Tax Reform (ATR)<sup>5</sup> underscored that MFN would effectively import foreign price controls into the U.S. system — a move that would disincentivize private investment in research and development (R&D).

CIFE highlighted that countries with cost-effectiveness thresholds, rigid reimbursement systems, and reference pricing based on low-income benchmarks undervalue U.S.-origin medicines and delay or deny access to them entirely. Pritchett Policy Associates pointed out that Europe's imposition of strict price controls in the 1990s caused a dramatic drop in its share of global R&D spending, while the U.S., in maintaining a market-based

<sup>1</sup> Office of the President, "Executive Order 14297, Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients," May 12, 2025.

<sup>2</sup> Office of the United States Trade Representative, "Request for Comments Regarding Foreign Nations Freeloading on American-Financed Innovation," May 23, 2025.

<sup>3</sup> Center for Innovation and Free Enterprise, "Comment on EO 14297," June 26, 2025.

<sup>4</sup> Citizens Against Government Waste, "Comments on Foreign Nations Freeloading on American-Financed Innovation," June 26, 2025.

<sup>5</sup> Americans for Tax Reform, "Comments on Most-Favored-Nation Drug Pricing," June 26, 2025.



approach, surged ahead.<sup>6</sup> According to CAGW, the U.S. now accounts for the majority of global biopharma R&D investment, driven by predictable returns and innovation-friendly regulation.<sup>7</sup>

ATR emphasized the magnitude of this potential disruption: MFN could reduce drug development by small biotech firms by 90% and slash industry investment by hundreds of billions of dollars.<sup>8</sup> Several organizations, including the Coalition Against Socialized Medicine (CASM)<sup>9</sup>, further warned that MFN would put tens of thousands of high-wage jobs at risk and destabilize the economic foundation of the U.S. pharmaceutical sector. As CAGW notes, the biopharmaceutical sector supports more U.S. manufacturing jobs than aerospace, coal, iron, and steel — and directly or indirectly underpins 4 million jobs and \$1.1 trillion in economic impact, all of which would be jeopardized by the adoption of MFN pricing.<sup>10</sup>

## II. Reduced Patient Access and Delays in Availability

A second, equally urgent concern was the likelihood that MFN would curtail timely patient access to new and innovative medicines. RetireSafe emphasized that seniors — who depend heavily on prescription drugs — would face the brunt of reduced availability if manufacturers could not recoup development costs.<sup>11</sup> Survivors for Solutions added that MFN would tie the hands of U.S. developers, reduce returns, and ultimately discourage the launch of new drugs in the U.S. market.<sup>12</sup>

Data presented by CAGW<sup>13</sup> and CASM<sup>14</sup> starkly illustrate the threat: while U.S. patients currently access approximately 85% of new medicines within months of FDA approval, patients in Organization for Economic Cooperation and Development (OECD) countries with price control regimes can wait up to 41 months for access to only 29% of these same drugs. American Commitment highlighted the trade-off — short-term savings may be gained, but only by accepting the rationing, delays, and diminished health outcomes seen

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<sup>6</sup> Pritchett Policy Associates, “Comment on MFN Drug Pricing,” June 26, 2025.

<sup>7</sup> Citizens Against Government Waste, “Comments Submitted to the Office of the United States Trade Representative, Docket No. USTR-2025-0011,” June 26, 2025.

<sup>8</sup> Americans for Tax Reform, “Comments on Most-Favored-Nation Drug Pricing,” June 26, 2025.

<sup>9</sup> Coalition Against Socialized Medicine, “Comment on EO 14297,” June 26, 2025.

<sup>10</sup> Citizens Against Government Waste, “Comments Submitted to the Office of the United States Trade Representative, Docket No. USTR-2025-0011,” June 26, 2025.

<sup>11</sup> RetireSafe, “Comment on MFN Drug Pricing,” June 26, 2025.

<sup>12</sup> Survivors for Solutions, “Comment on Most-Favored-Nation Drug Pricing Policy,” June 26, 2025.

<sup>13</sup> Citizens Against Government Waste, “Comments Submitted to the Office of the United States Trade Representative, Docket No. USTR-2025-0011,” June 26, 2025.

<sup>14</sup> Coalition Against Socialized Medicine, “Comment on EO 14297,” June 26, 2025.



in European-style systems.<sup>15</sup>

Moreover, multiple comments stressed the link between pricing policies and clinical development priorities. If pricing power is outsourced to bureaucracies abroad, manufacturers may choose not to bring their most innovative or risky therapies to the U.S. market. CIFE<sup>16</sup> and Center for the Advancement of Science and Education (CASE)<sup>17</sup> both noted that this could have particular consequences for rare diseases, oncology, and pediatric conditions — areas already characterized by small patient populations and limited treatment options.

### III. Trade Policy and Geopolitical Risks

Many commenters strongly objected to the MFN model on trade and geopolitical grounds. These groups argued that MFN pricing effectively cedes domestic policy sovereignty to foreign governments that operate under fundamentally different economic and ethical frameworks.

ATR<sup>18</sup> and American Commitment<sup>19</sup> warned that U.S. manufacturers negotiating higher prices abroad could face regulatory retaliation, such as patent revocation or antitrust litigation, especially in the EU. MFN would not correct this behavior but instead reward it, weakening U.S. leverage in future trade negotiations.

Center for American Principles (CAP)<sup>20</sup> and CASE<sup>21</sup> raised concerns that by indexing U.S. prices to systems that lack transparency and that often devalue innovation through outdated cost metrics, the United States would validate foreign practices that have long undermined American-developed therapies. Taxpayers Protection Alliance (TPA)<sup>22</sup> stressed that MFN would advantage international competitors like China, which has significantly increased drug production capacity.

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<sup>15</sup> American Commitment, "Comments on MFN Drug Pricing Policy," June 26, 2025.

<sup>16</sup> Center for Innovation and Free Enterprise, "Comment on EO 14297," June 26, 2025.

<sup>17</sup> Center for the Advancement of Science and Education, "Comment on MFN," June 26, 2025.

<sup>18</sup> Americans for Tax Reform, "Comments on Most-Favored-Nation Drug Pricing," June 26, 2025.

<sup>19</sup> American Commitment, "Comments on MFN Drug Pricing Policy," June 26, 2025.

<sup>20</sup> Center for American Principles, "Comment on EO 14297," June 26, 2025.

<sup>21</sup> Center for the Advancement of Science and Education, "Comment on MFN," June 26, 2025.

<sup>22</sup> Taxpayers Protection Alliance, "Comment on MFN Pricing and Global Competition," June 26, 2025.



## IV. Failure to Address the Root Issue: Foreign Freeloading

A central critique of MFN policy is that it fails to achieve its stated objective of ending foreign freeloading. Nearly every comment expressed skepticism that MFN would succeed in raising foreign payments. Instead, the policy was seen as capitulating to the very price suppression tactics it was intended to dismantle.

As articulated by CAP, MFN would "decapitate the American medical discovery ecosystem" and simply legitimize the underpricing of U.S. innovation abroad.<sup>23</sup> American Commitment likened it to "removing the engine from a moving vehicle" — leaving no driver of global R&D incentives.<sup>24</sup> National Taxpayers Union (NTU) pointed to data showing that countries included in MFN pay as little as 30% of U.S. net prices for innovative drugs, despite having economies capable of paying 74% or more — a 44% pricing gap that underscores the scope of foreign underpayment.<sup>25</sup>

Rather than acting unilaterally to adopt foreign price benchmarks, commenters called for diplomatic and trade-focused solutions. Several, including Pritchett Policy Associates<sup>26</sup>, CASM<sup>27</sup>, and American Commitment<sup>28</sup>, recommended trade negotiations tied to GDP-based spending targets on innovative medicines — akin to NATO defense burden-sharing. NTU also warned of the "double subsidy" effect created when countries like Canada and South Korea exclude U.S. prices from their own reference pricing formulas yet would be included in the U.S. MFN index — exacerbating rather than correcting foreign freeloading.<sup>29</sup>

## V. Recommendations for Reform Without MFN

A wide range of alternative strategies were presented in the comments. These proposals reflected a shared desire to address both high drug costs and foreign freeloading — but without undermining U.S. innovation or autonomy.

**1) Use of Trade Leverage:** Many commenters urged USTR to use upcoming bilateral

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<sup>23</sup> Center for American Principles, "Comment on EO 14297," June 26, 2025.

<sup>24</sup> American Commitment, "Comments on MFN Drug Pricing Policy," June 26, 2025.

<sup>25</sup> No Patient Left Behind, "Time to End Foreign Free Riding and Fix the Global Imbalance in Biomedical Innovation," June 5, 2025.

<sup>26</sup> Pritchett Policy Associates, "Comment on MFN Drug Pricing," June 26, 2025.

<sup>27</sup> Coalition Against Socialized Medicine, "Comment on EO 14297," June 26, 2025.

<sup>28</sup> American Commitment, "Comments on MFN Drug Pricing Policy," June 26, 2025.

<sup>29</sup> National Taxpayers Union, "Comments on Foreign Nations Freeloading on American-Financed Innovation," June 27, 2025.



and multilateral trade negotiations to force allied nations to shoulder a greater share of R&D costs. Tactics could include conditioning market access, enforcing WTO obligations, and requiring reforms to discriminatory pricing mechanisms.

**2) GDP-Linked Spending Benchmarks:** CASM<sup>30</sup>, CASE<sup>31</sup>, and others proposed NATO-style frameworks where countries would agree to spend a percentage of GDP on innovative medicines, with annual reporting and compliance oversight built into trade agreements.

**3) Regulatory and Patent Reform:** The TPA<sup>32</sup> and Council for Innovation Promotion (C4IP)<sup>33</sup> suggested reforms to the FDA approval process and stronger IP protections. These included ending “non-clinically meaningful” exclusions from regulatory protections and expanding PBM transparency to cut middleman costs.

**4) Reinforcement of Domestic Market Incentives:** Commenters from CAGW<sup>34</sup> to RetireSafe<sup>35</sup> emphasized the importance of sustaining a pricing system that reflects true value and reward for innovation, in contrast to static foreign benchmarks that ignore quality-of-life improvements, long-term savings, or future pipeline potential.

## Conclusion

Taken together, the comment submissions present a powerful opposition to the MFN policy embedded in EO 14297. The MFN model is widely viewed as a miscalculation — one that threatens American scientific leadership, jeopardizes access to breakthrough therapies, emboldens foreign protectionism, and fails to address the root causes of global cost disparities.

Instead, organizations advocate for a forward-leaning strategy that leverages trade, reinforces domestic innovation capacity, and builds a durable coalition of global R&D contributors. The stakes are not merely economic or procedural; they encompass national security, public health, and America’s position as the global engine of biopharmaceutical

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<sup>30</sup> Coalition Against Socialized Medicine, “Comment on EO 14297,” June 26, 2025.

<sup>31</sup> Center for the Advancement of Science and Education, “Comment on MFN,” June 26, 2025.

<sup>32</sup> Taxpayers Protection Alliance, “Comment on MFN Pricing and Global Competition,” June 26, 2025.

<sup>33</sup> Council for Innovation Promotion, “Comments on Medicare Drug Price Negotiation Program Draft Guidance,” June 26, 2025.

<sup>34</sup> Citizens Against Government Waste, “Comments on Foreign Nations Freeloading on American-Financed Innovation,” June 26, 2025.

<sup>35</sup> RetireSafe, “Comment on MFN Drug Pricing,” June 26, 2025.



progress. Policymakers should heed these warnings and chart a more effective, innovation-centered path.