

# Trump Administration Mandates to Lower Drug Pricing

Potential Impacts on North American and Global Pharmaceutical Companies:  
Actions to Take Now

Stephen Ottley  
Managing Director,  
Head of Pharmaceuticals  
& Chemicals

Maine Pointe

By **SGS**



In May, President Trump announced an Executive Order to lower U.S. drug prices and curtail foreign manufacturer interference in U.S. pharmaceutical innovation, citing that Americans pay significantly higher prices than citizens of other nations do for the same medications.

U.S. policy experts and stakeholders are actively debating the implications of the order and holding discussions on next steps to move the order forward.

# Key Elements of the Executive Order

- Make drug prices radically transparent, and with administration-issued price targets
- Establish mechanism where U.S. patients can buy prescription drugs directly from manufacturers who sell at a 'Most Favored Nation' (MFN) price
- Propose punitive measures to ensure compliance with MFN pricing and other aggressive measures to significantly reduce the cost of prescription drugs
- Provide significant discounts to low-income patients for lifesaving medicines and increase the availability of generic and biosimilar medicines

# Potential Impacts on U.S. Pharmaceutical Companies

While the Executive Order is intended to benefit U.S. consumers, it comes with several potential drawbacks for the U.S. pharmaceutical industry:

- Cost reduction pressures
- Negative impacts of MFN/regulated pricing, including potentially reduced R&D investments, launch delays, and lower revenue
- Increased generic competition
- Increased requirement for pricing transparency
- Increased global competition for U.S. pharmaceutical market share
- Reduced distribution margins
- Potential for future punitive legislation and additional future tariffs

In advance of the 2025 drug pricing mandates, there are several actions pharmaceutical companies can take now to proactively prepare their supply chain and operations:

### **1. Create Supply Chain Resilience & Flexibility**

- Diversify suppliers, especially for active pharmaceutical ingredients (APIs)
- Maximize use of onshore suppliers wherever possible, and costs not prohibitive
- Consider nearshoring/reshoring production to reduce geopolitical and tariff risks
- Optimize inventory by balancing just-in-time with buffer stock for critical drugs that may face pricing or reimbursement changes

### **2. Enable Operational Agility**

- Model various pricing/demand scenarios under MFN rules to anticipate production need shifts
- Invest in flexible manufacturing facilities that can quickly pivot between products based on market dynamics
- Use digital supply chain tools, including AI and data analytics, to forecast demand, monitor pricing trends, and optimize logistics in real time
- Use digital and AI tools to optimize manufacturing & distribution footprint

### **3. Implement Cost Efficiency & Margin Protection**

- Streamline processes to reduce cost per unit, especially for drugs facing price caps
- Outsource non-core manufacturing to reduce fixed costs
- Coordinate R&D, regulatory, and commercial efforts to align product development with pricing
- Modernize NEW product introduction processes to streamline and decrease time to market

### **4. Ensure Distribution & Market Access Readiness**

- Use digital & AI tools to optimize distribution & logistics network
- Use digital and AI tools to model true landed costs and costs to serve and eliminate unprofitable lines
- Prepare for imported drug competition by ensuring competitive pricing and availability
- Expand affordability programs to maintain market share if out-of-pocket costs pose challenges

### **5. Prepare for Compliance & Regulatory Alignment**

- Implement systems to monitor international pricing to stay compliant with MFN rules
- Ensure documentation and traceability across the supply chain to meet new regulatory requirements
- Employ 3rd party specialists to continuously monitor and ensure compliance requirements

# Why Maine Pointe?

- As the #1 Supply Chain consulting firm in the U.S.\*, we typically accelerate Supply Chain and Operations cost savings initiatives by 4-8 times
- We have delivered hundreds of millions in benefits across direct and indirect materials, APIs, and packaging materials
- We possess global sourcing expertise for LCCs, APIs, and all direct and indirect materials, to enable nearshoring and supply optionality
- We have completed dozens of operations, throughput, and productivity engagements for Pharmaceutical clients
- In conjunction with our parent company SGS, we can fast track supplier and product certification, and ensure continuous regulatory compliance

With extensive industry experience, Maine Pointe's Pharmaceutical team can help your company navigate today's unpredictable, dynamic market and stay competitive.

Reach out to discuss your company's challenges.



**Stephen Ottley**

Managing Director

Head of Pharmaceuticals & Chemicals

**[sottley@mainepointe.com](mailto:sottley@mainepointe.com)**

**[www.mainepointe.com/contact](http://www.mainepointe.com/contact)**

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