

Medicare Executive Order Boosts Drug Industry's Profits as Seniors Suffer: Report

Admin User · January 8, 2026

The Medicare Rights Center reports that President Trump's executive order on prescription drug pricing supports key drug industry efforts to weaken the Inflation Reduction Act's (IRA) Medicare negotiation program, putting Medicare and beneficiary savings at risk.

By Mary Helen Gillespie

Since the Inflation Reduction Act's passage, drugmakers have been seeking ways to dilute or sidestep its mandates for Medicare drug price negotiations, including creating exemptions for certain prescription medications.

The nonprofit [Medicare Rights Center reports](#) that President Trump's April 15th [executive order](#) that would extend the negotiations timeline for drug manufacturers for an additional four years would also boost industry profits at the expense of Medicare and Part D enrollees.

Under the IRA, drugs are eligible for negotiation if they meet specific criteria. One threshold is how long they have been on the market at the time of selection. Reflecting long-standing drug exclusivity policy, these timelines differ based on the type of drug: It must have been at least seven years since FDA approval for small molecule drugs, which are primarily pills and [account for 90% of all medications](#), and [11 years for biologics](#), which are generally administered via shots or infusions at the doctor's office. Since the Medicare-negotiated prices take another two years to kick in once those exclusivity periods are over, the exemptions effectively last for nine and 13 years, respectively.

The executive order directs the Department of Health and Human Services to work with Congress to align these timeframes by extending the small molecule exemption period.

This would permit drug manufacturers to set prices unchecked for an additional four years, boosting industry profits at the expense of Medicare and Part D enrollees.

A new [KFF brief](#) finds this proposal would have barred negotiation for more than half of the selected drugs during the first or second rounds of Medicare negotiation, including several (like Eliquis, Jardiance, and Ozempic/Rybelsus/Wegovy) with the highest costs:

- Among the [10 drugs](#) with negotiated prices taking effect in 2026, five would have been ineligible. They accounted for \$32.4 billion (64%) of the \$50.5 billion total gross Part D spending on all 10 selected drugs.
- Among the 15 drugs selected for the [second round of negotiation](#) (with prices taking effect in 2027), eight would have been ineligible. They accounted for \$28.7 billion (71%) of the \$40.7 billion in total gross Part D spending on all 15 selected drugs.

This analysis shows that a four-year delay would have forced Medicare to select lower-cost drugs for negotiation, yielding smaller overall savings and system-wide impacts. Relative to current law, Medicare spending, drug prices, and Part D premiums would all be higher.

The IRA negotiation criteria are statutory. Therefore, effectuating the order's vision requires congressional action. Unfortunately, this work is already underway. Amid [drug manufacturer urging](#) and [patient advocate concerns](#), lawmakers have [introduced legislation](#) to extend the small molecule exemption by four years. Immediate next steps for this bill are not clear, but the forthcoming reconciliation bill could be a vehicle for passage.

The Medicare Rights Center is greatly concerned about the impact of such a change on Medicare's financing and prescription drug affordability. This policy would have sharply limited the drug price negotiations so far: 13 drugs — those that accounted for two-thirds of Part D spending on all 25 that were selected, \$61 billion out of \$91 billion — would have been exempt. These uncaptured costs would grow and compound every year, undermining beneficiary health and economic security.

Savings from the negotiation program are significant and necessary. The nonpartisan Congressional Budget Office (CBO) [estimates Medicare will save](#) nearly \$100 billion the first six years it is in place, while Part D enrollees will [save billions more](#) through reduced premiums and out-of-pocket costs.

Read the White House [Fact Sheet](#).
