The New Pharma Calculus:

How MFN and EU Launch Obligations Are Influencing the Global Drug Map

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Brief Background

Significant changes to U.S. drug pricing policy followed by European regulatory reform are compelling pharmaceutical companies to make drastic commercial choices: protect and preserve U.S. revenue or serve European patient needs. The fallout resulting from these new policies is already measurable, as evidenced by a dramatic contraction in drug launches across Europe, implementation of novel legal strategies to avoid EU obligations, and a wave of European acquirers targeting U.S. biotech to stay commercially relevant in a rapidly bifurcating market.

Most Favored Nation (MFN) Executive Order - What it is & Why it has teeth

On May 12, 2025, President Trump signed Executive Order 14297, *Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients*, directing the Department of Health and Human Services (HHS) to align U.S. drug prices with the lowest prices paid for the same medicines in other affluent nations. The policy defines the MFN reference benchmark as the second-lowest country-specific manufacturer net price — after rebates and discounts — across a comparator basket of countries including the United Kingdom, France,

Germany, Italy, Canada, Japan, Denmark, and Switzerland, each adjusted for GDP per capita purchasing power parity.

The MFN policy bears similarity to reference pricing structures utilized by other nations and for global pharma, and is unquestionably disruptive. If a company launches a drug in Germany at €80,000 per year, that price, once confirmed by HHS, becomes a reference ceiling for what the same drug can cost in the U.S. Medicare and Medicaid systems. The commercial incentive to keep U.S. prices high thus creates a direct disincentive to launch, or even to price competitively, anywhere within the MFN comparator basket.

By the end of 2025, 16 major pharmaceutical manufacturers, including Pfizer and Eli Lilly, had executed voluntary agreements with the administration, requiring companies to provide state Medicaid programs with MFN-aligned pricing across their product portfolios and to guarantee MFN pricing for newly launched innovative medicines. For manufacturers that had not yet launched in MFN reference countries, the ramifications were evident: continuing with planned commercial launches would negatively impact U.S. pricing power. The fallout has been swift and far-reaching. Across the industry, companies are revising their global launch plans, and many have decided to avoid launching their drugs in Europe altogether.

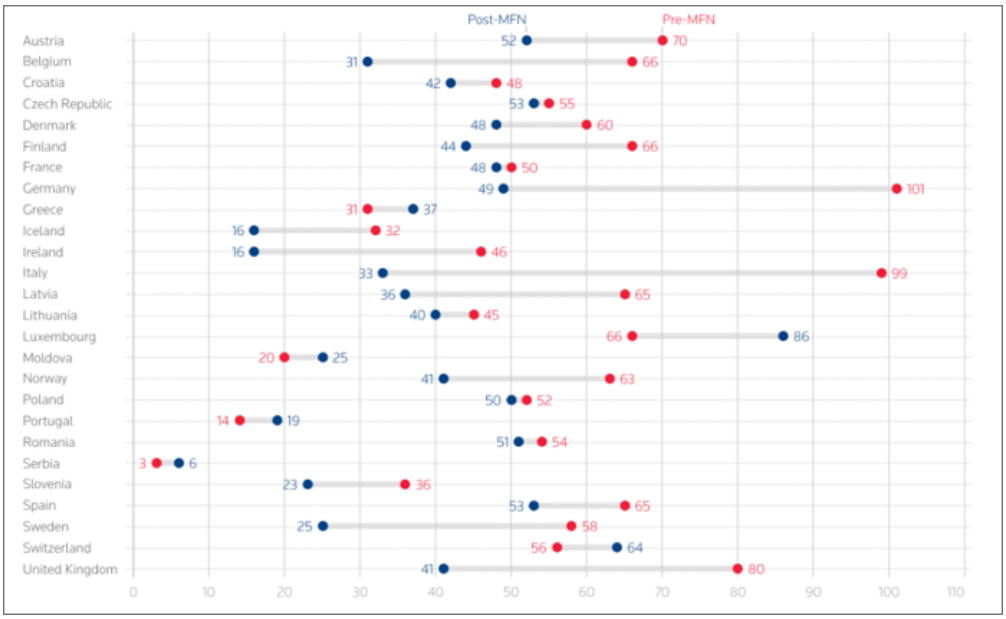
The team at GlobalData have combed their Price Intelligence database to assess the magnitude of effect of MFN on product launches and withdrawals in the US, Europe and other nations. Market Access expert Neil Gruber has provided an informative summary of GlobalData's findings. In the six European countries within the GENEROUS comparator basket (Denmark, France, Germany, Italy, Switzerland and the UK), drug launches fell from 74 in the ten months before MFN to just 47 in the equivalent period afterward - a decline of ~37%. Across fourteen European markets tracked by GlobalData, the drop reached 43%. Emer Cooke, Executive Director of the European

Medicines Agency, described Europe's situation as being at "a very critical point" in ensuring access to new medicines.

New Drug EU Launches Plummet Under MFN Policy

The number of EU launches fell in the 10-month period after May 2025 when Most Favored Nation policy was unveiled.

Global Data; Author Bhanvi Satija

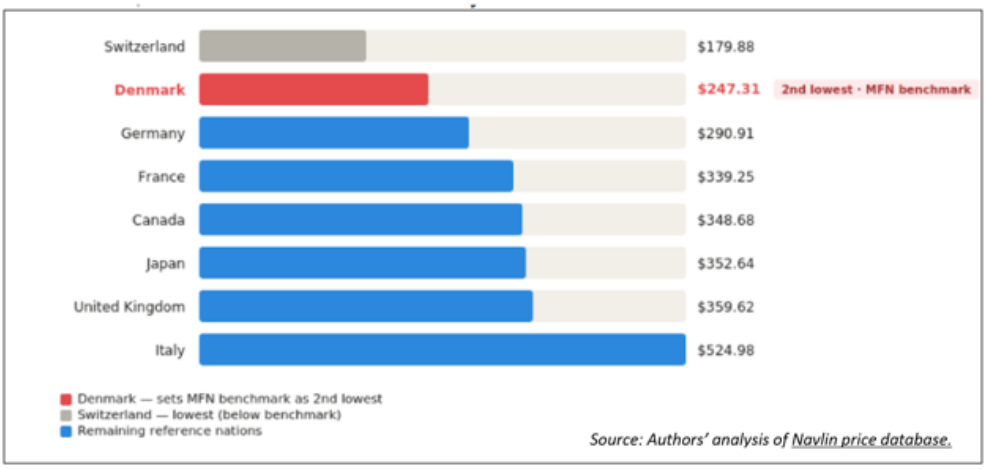


Product withdrawals have also increased ~ 40% from EU countries in the GLOBE/GUARD 19-nation reference group.

For example, in February 2026, Amgen announced the complete withdrawal of Repatha from the market in Denmark. *Amgros*, Denmark's aggressive competitive tendering body, is designed to obtain net prices well below publicly observable list prices. Once those confidential Danish net prices become reportable under GENEROUS,

they risk pulling the US benchmark downward in ways manufacturers cannot easily contain. *[Note: MFN manufacturer rebates are typically obtained on net unit prices after discounts and other concessions; list prices may be occasionally used when net prices are not published.]* With Denmark ranked as the second-lowest reference price country, the logical business decision was for Amgen to exit the market entirely, eliminating the benchmark and providing some buffer rather than absorbing the full spillover brunt into the far larger US revenue base.

Adjusted average list price per unit across reference nations included in the GENEROUS Model (US dollars, PPP-normalized)

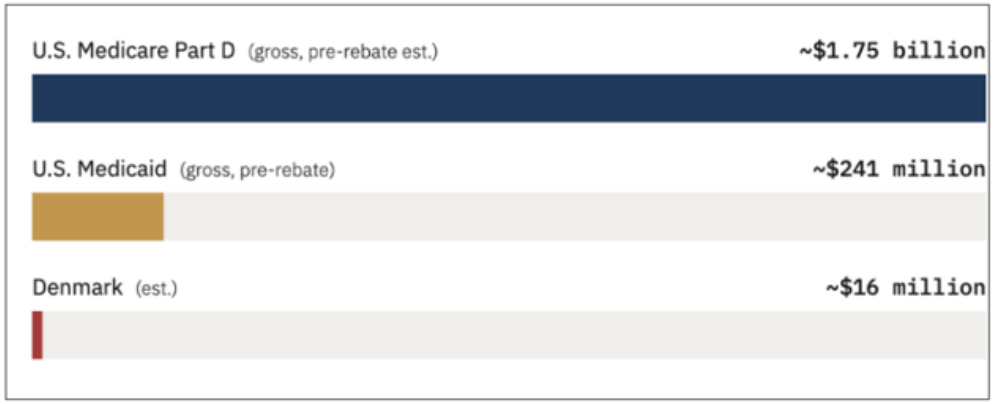


Repatha's Medicare exposure to Denmark benchmarks was an even larger commercial threat.

Using 2024 gross, pre-rebate spending figures for a like-for-like comparison across Medicare, Medicaid, and Denmark, *HealthAffairs* authors Nathan Jibert and Jeromie Ballreich, found that Medicare Part D is by far Repatha's largest single-payer exposure, at roughly $1.75 billion - about seven times the size of Medicaid ($241 million) and more

than one hundred times the size of Denmark's market (roughly $16 million). Given the threat and spillover impact of GUARD and GENEROUS under MFN, Amgen's decision to exit the Danish market is well justified.

2024 gross (pre-rebate) spending on Repatha, by market



Source: HealthAffairs' authors' analysis of: CMS Drug Spending Dashboard data; Amgros tender data; Medicaid State Drug Utilization Data.

Notes: Pre-rebate figures are gross list-price estimates.

EU Article 56a Obligates & Compounds the Problem

Just as the consequences of MFN policy are becoming broadly apparent, the EU has recently finalized its most sweeping pharmaceutical regulatory reform in over two decades. The EU General Pharmaceutical Legislation (GPL), voted in March 2026 to implement

Article 56a - a new launch obligation that can be activated at the request of individual Member States.

How Article 56a Functions

Under Article 56a, a Member State may formally invoke its right of access within one year of marketing authorization being granted for a drug. Once invoked, the Marketing Authorization Holder (MAH) has three years to make the product available or supply it continuously. Failure to comply results in the loss of data exclusivity and market exclusivity in that specific Member State. The penalty, however, does not strip EU-wide exclusivity, only protections in the country where there is non-compliance with the access request.

There is an escape valve: MAHs can invoke "exceptional and unforeseeable circumstances outside their control" to avoid penalty. Whether MFN-driven pricing incompatibility will qualify for this exceptional status has not yet been tested or determined by any EU authority.

Adverse Ramifications

The range of consequential outcomes of Article 56a penalties are context-dependent, as outlined in the table:

Scenario	Practical Severity of Article 56a Penalty
Large market (France, Italy, Germany)	Very significant — generics/biosimilars could enter and capture market share
Small market (Slovakia, Bulgaria, Croatia)	Minimal — commercial impact of generic entry in a tiny market is negligible
Orphan drug	Reduced — orphan drugs carry separate 10-year exclusivity that is not affected
Specialty drug with active patent	Moderate — loss of exclusivity does not override a composition-of-matter patent

The patent point is critical and may be under-appreciated. Market exclusivity and patent protection are entirely separate instruments. A company that loses EU market exclusivity in Italy under Article 56a still retains patent protection on the molecule, meaning generic entry is only possible if the patent itself has expired or can be challenged. For recently approved drugs with long remaining patent life, the exclusivity penalty may be largely symbolic.

What is not symbolic is the direct legal collision between the two regimes. A U.S. biopharma facing an Article 56a request from Spain is simultaneously subject to U.S. MFN obligations that punish transparent pricing in that very market. The company's rational calculation comes down to patent remaining life versus MFN revenue at stake: if the patent has eight years of life remaining, the revenue impact of an MFN reference price vastly outweighs the cost of losing exclusivity in one country.

Withdrawing EMA Applications Before Approval Presents The Cleanest Approach for Manufacturers

In comparison to removing an already-commercialized therapy from market, a legally preferred approach is to withdraw an EMA application before it is granted – or simply never file one. Article 56a only governs

the obligations of the MAH *after* a marketing authorization exists. In the absence of MAH, Article 56a obligations are not applicable. The EU Commission and Member States have no legal mechanism to compel any company to seek regulatory approval for a product it has chosen not to submit, and the EMA itself has no authority to force a submission.

EU-Based Versus Non-EU-Based Innovators: Asymmetric Risk

The enforcement risk is not symmetrical. UK/EU-headquartered companies, such as Roche, Novartis, AstraZeneca, Novo Nordisk, UCB, Sanofi, face heightened political and reputational exposure. These companies hold domestic licensing arrangements, receive R&D subsidies contingent on EU engagement, and their brands are visible targets if they are seen to withhold drugs from European patients. Whereas U.S.-based pharma/biotech face different structural pressure. Their primary regulatory accountability skews towards to the FDA and U.S. payers, with somewhat less obligation to the EMA or the European Commission. The EU Commission has limited extraterritorial enforcement mechanism and authority against non-EU MAHs; it primarily acts through the marketing authorization enforcement, imposing penalties such as reduction of market exclusivity by 2 years for non-compliance, rather than any distinct legal channels.

Germany's AMNOG & The Medical Research Act: Eliminating German Prices from IRP Baskets

Germany has long held an outsized influence on European pharmaceutical pricing, serving as a frequent early-launch market due

to its unique "free pricing" period - during which manufacturers can set their own launch price before AMNOG benefit assessment and price negotiations conclude.

Effective January 1, 2025, Germany's Medical Research Act (Medizinforschungsgesetz, MFG) removed international reference pricing from the AMNOG price negotiations governed by §130b of the German Social Code (SGB V). The reform also introduced a confidential reimbursement pricing option - allowing MAHs to keep their negotiated net prices confidential, thereby severing the IRP chain that had historically transmitted German reimbursement prices to other markets.

Has It Facilitated Launches?

Germany's IRP elimination addresses one component of the pricing risk calculus, but companies still face a broader structural and geographic vulnerability. A company that launches in Germany and accepts the AMNOG-negotiated price (which may be kept confidential) has not necessarily eliminated MFN exposure. If another EU Member State invokes Article 56a and demands access, any subsequent public price submission in that subsequent EU country could still contaminate the U.S. reference price. The Germany reform thus narrows one front of the pricing threat without resolving the strategic concern completely. The impact of Germany's MRA on actual new product launch rates in Germany has been nil. Commercial launches have only fallen since MFN implementation, from 101 to 49 (per GlobalData grid above).

EU-based Pharma Are Targeting U.S. Innovation for Acquisitions

With European home markets looking increasingly tenuous, mid-sized and private European pharmaceutical companies have set their focus on acquiring U.S. biotech/biopharma for new sources of reliable, profitable growth. In so doing, these savvy acquirers have gained de-risked, predictable expansion playbooks while side-stepping the MFN-Article 56a trap entirely.

In a matter of weeks spanning mid-April to early May 2026, a cascade of transactions made headlines:

- **Chiesi Group** (Italy) - $1.9B acquisition of KalVista Pharma
- **Angelini Pharma** (Italy) - $4.1B acquisition of Catalyst Pharma
- **Servier** (France) - $2.5B acquisition of Day One Biopharmaceuticals (acquiring FDA-approved oncology drug Ojemda)
- **Leo Pharma** (Denmark) - $50M acquisition of Replay Biosciences
- **UCB** – $2.2B acquisition of Candid Therapeutics
- **Bayer** – $2.45B acquisition of Perfuse Therapeutics

Acquirer / Target	Portfolio / Phase	EU MA Exists?	Article 56a Applies?	MFN Exposure
Chiesi / KalVista	EKTERLY - commercialized - US & EU	Yes (Sept 2025)	Yes	High - premium orphan drug, EU price anchors U.S.
Angelini / Catalyst	FIRDAPSE, AGAMREE, FYCOMPA all commercialized	Yes (all three)	Yes - already marketed	Highest - existing EU prices already reference-able
Servier / Day One	tovorafenib - US & EU approved	Yes (April 2026)	Yes	Unavoidable - EU HTA ongoing across member states; official EU reference prices pending
LEO / Replay	HSV-based gene therapy for dystrophic epidermolysis bullosa (DEB) (Preclinical)	No	Not yet	Very Low - Lengthy time horizon for decision making
UCB / Candid	CD19/BCMA (Phase 2 Globally)	No	Not yet	Low - decision window available
Bayer / Perfuse	Glaucoma, Diabetic Retinopathy (Phase 2)	No	Not yet	Low - decision window available

Deal sizes across this transaction set occupy a sweet spot for mid-sized biopharma – sufficiently material to drive strategic

transformation, yet below the threshold that would attract competition from Big Pharma.

The pattern across recent acquisitions reflects a consistent theme. Both Chiesi and Angelini acquired recently FDA-approved rare disease assets with established U.S. commercial infrastructure in place, providing immediately accretive revenue growth without the delay or risk of a de novo commercial launch build-out.

For LEO, UCB, and Bayer, the acquired U.S. assets carry no EU marketing authorization, which preserves optionality: if the corporate decision is ultimately to remain U.S.-commercially focused, Article 56a obligations may be avoided entirely. These assets can be further developed clinically and European launch decisions may be deliberately deferred until greater visibility comes about.

Summary – A Global Market in Structural Realignment

Industry's tactical response to MFN and Article 56a now spans the full available spectrum:

deferring ex-U.S. launches,
withdrawing EMA applications,
delisting approved products from European markets, and
adjusting portfolio development plans to limit EU exposure.

European mid-caps are acquiring U.S. biotech at an accelerating pace, in favor of a U.S.-focused growth strategy that sidesteps the MFN pricing vice entirely.

European patients stand to bear the greatest cost if the current trajectory holds. Over 90% of drugs approved in 2025 have launched in the U.S. but most have not yet been commercialized in other international markets - a striking illustration of how decisively the global launch cadence has been impacted since the MFN executive order. As the access gap between the U.S. and Europe widens, political pressure on the European Commission to offer more substantive incentives to the pharmaceutical industry will intensify. Yet with no legal mechanism to compel non-EU companies to seek EMA approval, and U.S. pricing policy showing no signs of reversal, **the structural disincentives and inequities for Europe remain firmly embedded.**