



New Analysis Finds the Medicare Drug Price Negotiation Program Threatens Financial Stability of American Pharmacies

A new analysis, *Unpacking the Financial Impacts of Medicare Drug Price Negotiation*, demonstrates how the **Inflation Reduction Act's Medicare Drug Price Negotiation Program (MDPNP)** exposes American pharmacies, particularly small and independent ones, to significant financial risk and risks disrupting seniors' access to essential medications and services.

As one of the largest purchasers of prescription drugs in the United States, Medicare has significant influence on the financial health of pharmacies. In fact, 40% of total pharmacy retail operations are driven by Medicare. The MDPNP creates a fundamental shift in pharmacy operations and reimbursement practices for many of Medicare's widely used prescription brand medicines. Maximum Fair Price (MFP) medications make up 20% of Medicare expenditures. With the implementation of the MDPNP, pharmacies will face revenue losses that are poised to worsen as the list of MFP drugs expands.

New Financial Risks for American Pharmacies

The analysis, conducted by 3 Axis Advisors for the National Community Pharmacists Association (NCPA), found the new reimbursement framework will lead to:

Payment Delays

Pharmacies will face settlement delays for negotiated drugs, exceeding current Medicare Part D prompt pay requirements.



Weekly Cash Flow Shortfalls

Pharmacies will face significant losses in weekly cash flow due to delayed payments.



Annual Revenue Losses

Pharmacies will forfeit revenue, potentially the equivalent of a pharmacy technician's annual salary.



Consequences for Seniors

The policy, while aiming to reduce medication costs for Medicare beneficiaries, may have unintended consequences that significantly affect seniors, such as:

- Pharmacy closures
- Reduced medication availability
- Staffing cuts, leading to longer wait times and decreased customer support at the pharmacy counter

NCPA strongly urges the new Administration to immediately freeze implementation until robust safeguards are in place to protect pharmacies' financial viability and seniors' access to essential medications.

What is the MDPNP?

The MDPNP was introduced under the Inflation Reduction Act of 2022 with the stated goal of lowering Medicare prescription drug costs. The program allows Medicare to negotiate prescription drug prices with drug manufacturers for a select number of high-cost drugs covered under Medicare Part D (outpatient drugs) and, later, Medicare Part B (physician-administered drugs). Negotiations for the first 10 drugs are complete, with prices effective January 1, 2026. CMS recently announced 15 additional drugs whose negotiated price will take effect in 2027.

By the Numbers

\$11,000 weekly cash flow loss per pharmacy due to delayed payments.

\$43,000 average annual revenue forfeited per pharmacy.