POZ

Trump Exaggerates Speed and Certainty of Prescription Drug Price Reductions

Experts said Trump’s action could lower the cost of prescription drugs, but required procedural steps would make it far from an immediate fix.

May 22, 2025 By Louis Jacobson, PolitiFact and KFF

President Donald Trump expressed high hopes for an executive order to reduce drug prices.

On May 11, the day before he held a White House event to sign the executive order, Trump posted on Truth Social, “Prescription Drug and Pharmaceutical prices will be REDUCED, almost immediately, by 30% to 80%.”

However, the executive order’s text, unveiled May 12, undercut the president’s description of how soon consumers could experience this potential boon.

The idea of the executive order, he said, was to lower high prescription drug costs in the U.S. to levels more typical in other countries.

“We’re going to equalize,” Trump said at the order signing. “We’re all going to pay the same. We’re going to pay what Europe’s going to pay.”

Experts said Trump’s action could lower the cost of prescription drugs, perhaps by the 30% to 80% Trump said, but they cautioned that the order’s required procedural steps would make it far from an immediate fix.

The executive order says that within 30 days, administration officials must determine and communicate to drugmakers “most-favored-nation price targets,” to push the companies to “bring prices for American patients in line with comparably developed nations.”

After an unspecified period of time, the administration will gauge whether “significant progress” toward lower pricing has been achieved. If not, the order requires the secretary of Health and Human Services to “propose a rulemaking plan to impose most-favored-nation pricing,” which could take months or years to take effect.

“Executive orders are wish lists,” said Joseph Antos, a senior fellow emeritus in health care policy at the conservative American Enterprise Institute. The order “hopes that manufacturers will unilaterally lower U.S. prices. The legal authority to intervene in the market is unclear if this implausible scenario doesn’t happen.”

When contacted for comment, the White House did not provide evidence that the executive order would provide immediate results.

Why Do Americans Pay More for Prescriptions?

There is wide agreement that drug prices are unusually high in the U.S. The prices Americans pay for pharmaceuticals are nearly three times the average among a group of other industrialized countries in the Organization for Economic Cooperation and Development.

A study by the Rand Corp., a nonpartisan research organization, found that, across all drugs, U.S. prices were 2.78 times as high as the average prices across 33 OECD countries. The gap was even wider for brand-name drugs, with U.S. prices averaging 4.22 times as much.

The U.S. has lower prices than comparable nations for unbranded, generic drugs, which account for about 90% of filled prescriptions in the U.S. But generics account for only a fifth of U.S. prescription drug spending.

Experts cite several reasons for this pricing discrepancy.

One is that the U.S. has more limited price negotiation with drug manufacturers than other countries do. Often, if another country fails to find the extra cost of a new drug is justified by improved results, it’ll reject the drug application. Some countries also set price controls.

Another factor is patent exclusivity. Over the years, U.S. pharmaceutical companies have used strong legal protections to amass patents that can keep generic competitors from the marketplace.

Drug companies have also argued that high prices help pay for research and development of new and improved pharmaceuticals. When Trump released the executive order, Stephen J. Ubl, president and CEO of the drug industry group Pharmaceutical Research and Manufacturers of America, said in a statement, “It would mean less treatments and cures and would jeopardize the hundreds of billions our member companies are planning to invest in America.” (In Trump’s May 13 interview with Fox News’ Sean Hannity, Trump offered a different picture of what drug company officials have told him; he said they agreed “it’s time” to lower U.S. prices.)

Recent studies have cast doubt on the idea that high prices pay for research and development. A 2023 study found that from 1999 to 2018, the world’s 15 largest biopharmaceutical companies spent more on selling and general administrative activities, which include marketing, than on research and development. The study also said most new medicines developed during this period offered little to no clinical benefit over existing treatments.

The long-standing reality of high U.S. drug prices has driven Democratic and Republican efforts to bring them down. Then-President Joe Biden signed legislation to require Medicare, the federal health care program that covers Americans over 65, to negotiate prices with the makers of some popular, high-cost medicines. And Sen. Bernie Sanders (I-Vt.) has made lowering drug prices a cornerstone issue during his political career.

During his first term, Trump sought to lower prices for certain drugs under Medicare, but the courts blocked the move on procedural grounds.

Trump's drug-price push could attract bipartisan support, experts said.

Jonathan Cohn, who has worked for several left-of-center media outlets and wrote two books on health care policy, offered measured praise for Trump's executive order in The Bulwark, a publication generally critical of Trump, calling it "a serious policy initiative, one that credible people think could bring some relief on drug prices."

Andrew Mulcahy, a Rand Corp. senior health economist, said one part of Trump's statement — the possibility of a 30% to 80% price reduction — is plausible.

"Of course, the devil's in the policy design and implementation details," Mulcahy said. "But at first blush, a savings of roughly two-thirds on what we spend now for drugs seems in line" with what Rand's research has shown.

What Would Trump's Executive Order Do?

Referring to high U.S. drug prices, Trump told Hannity that "I ended it" by issuing the executive order. But that's not how the order is structured.

The executive order makes plain that any actions will not happen quickly.

"That 'almost' in 'almost immediately' is doing a lot of work," Mulcahy said, referring to Trump's statement.

The executive order also could face court challenges, just as Trump's first-term executive order did.

"It seems unlikely that the federal government can set prices for drugs outside of the Medicare program," Antos said. If Trump wants reduced prices to benefit all U.S. consumers, experts said, Congress will likely have to pass new legislation. While executive orders direct federal agencies what to do, requiring action from privately owned companies likely would require legislation passed by Congress, experts said.

If Congress gets involved, that will not only tack on extra time, but it also could draw opposition from the Republican majority in one or both chambers. Historically, Antos said, "federal price controls are anathema for many Republicans in Congress."

Our Ruling

Trump said that, because of his new executive order, prescription drug prices would be reduced "almost immediately."

Experts said that if the goals of the executive order are achieved, price reductions would not happen "almost immediately."

The order sets out a 30-day period to develop pricing targets for drugmakers, followed by an unspecified amount of time to see if companies achieve the targets. If they don't, a formal rulemaking process would begin, requiring months or even years. And if Trump intends to lower prices for all consumers, not only those who have federal coverage such as Medicare, Congress will likely have to pass a law to do it.

Trump gives the impression that Americans will shortly see steep decreases in what they pay for prescription drugs. But even if the executive order acts as intended — which would require a lot to go right — it could take months or years.

The statement contains an element of truth but ignores evidence that would give a different impression. We rate it Mostly False.

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Email interview with Andrew Mulcahy, senior health economist with Rand Corp., May 12, 2025.

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