

April
2026



Update on Effectuation of the Maximum Fair Price in 2026 and Outlook for 2027

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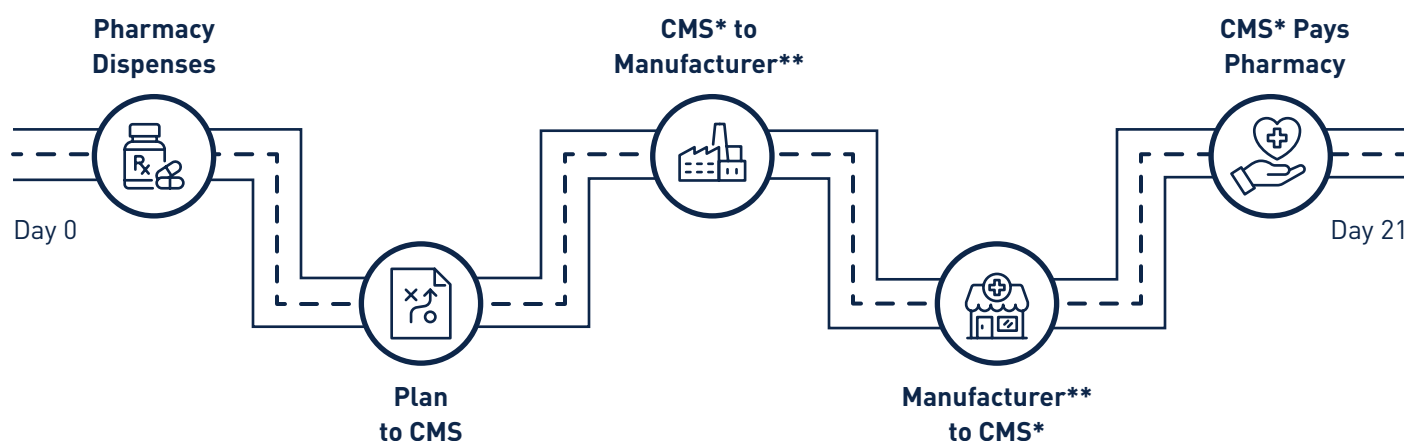
Effectuation of Maximum Fair Price in 2026

Since January 1, 2026, the Maximum Fair Price (MFP) has been available to pharmacies and other dispensing entities (collectively, “pharmacies”) dispensing a subset of ten selected drugs to beneficiaries covered by Medicare Part D.

The MFP has been offered in the market through the following process:

- **The pharmacy** acquires the drug from a wholesaler or distributor or directly from the manufacturer, dispenses it to the Part D beneficiary, and bills the beneficiary’s Part D plan.
- **The beneficiary’s Part D plan** reimburses the pharmacy at the MFP plus a dispensing fee and transmits data on the dispense to the Centers for Medicare and Medicaid Services (CMS).
- **CMS, through a contractor known as the Medicare Transaction Facilitator (MTF)**, transmits the dispense data to the manufacturer and its rebate processing partner, the Beacon MFP platform.¹
- Per CMS guidance, **the manufacturer** has fourteen days from receipt of data to 1) determine if the price paid by the pharmacy to acquire the drug exceeds the MFP, and 2) transmit the data back to CMS indicating whether a rebate will be paid to bring the pharmacy’s net acquisition cost to the MFP.
- **The MTF** disburses manufacturer rebates to pharmacies. Where pharmacies have opted in, the disbursement is done using electronic funds transfer (EFT).

FIGURE 1: MFP DATA AND PAYMENT TIMELINE



* CMS uses the MTF to process data and pay rebates.
** Manufacturers use Beacon MFP to process MFP rebates.

On average, according to data reported by the MTF to Beacon MFP, when a pharmacy is eligible to receive an MFP rebate, that rebate is paid to the pharmacy within twenty-one days from the date of dispense. Pharmacies that have not opted into EFT will instead receive payment through a paper check and may wait longer to receive funds.

CMS guidance states that in instances where the drug dispensed to the MFP-eligible patient was purchased at the discounted 340B Drug Pricing Program price, and that price is lower than the MFP, no MFP rebate needs to be paid to the pharmacy. However, CMS declined to “assume responsibility for nonduplication of discounts” between the 340B price and the MFP (p. 255).

¹ Beacon MFP is operated by Second Sight Solutions, LLC, an affiliate of BRG.

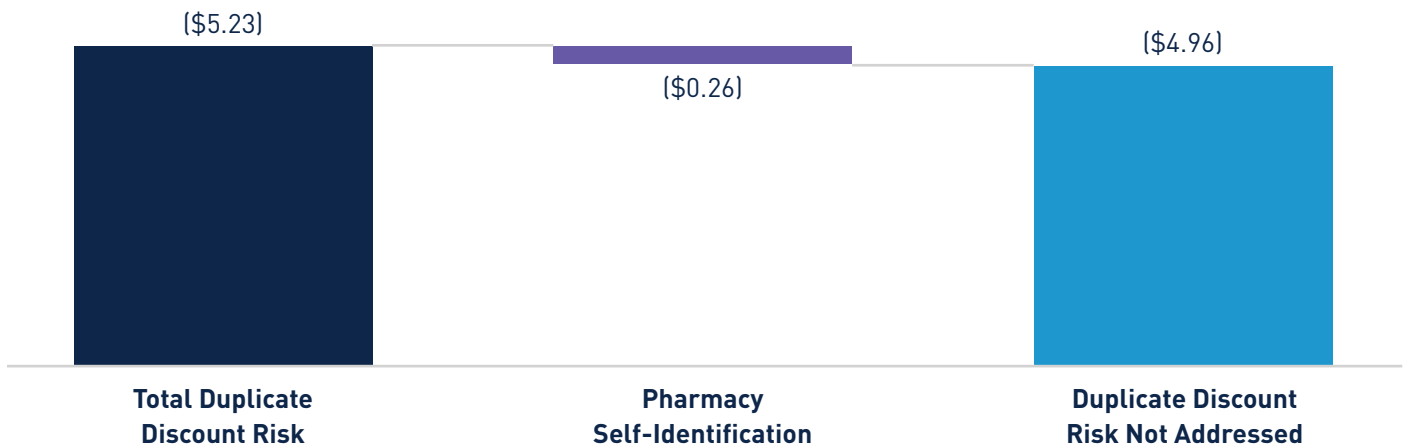
CMS provided a pathway for pharmacies to “voluntarily and proactively indicate on a submitted claim” that the drug was purchased at the 340B price (p. 255). CMS has transmitted this information, where provided, to the manufacturer. Additionally, the Beacon MFP platform offers a supplemental process through which pharmacies can self-identify 340B claims. To date, fewer than 0.5 percent of MFP claims have been self-identified as 340B by the pharmacy via either of these two pathways. By comparison, analysis of Medicare Part D Prescription Drug Event (PDE) data suggests that between 10 and 12 percent of claims for 2026 selected drugs are subject to 340B pricing. In other words, fewer than 5 percent of 340B claims are self-identified as such by pharmacies.

Outlook for 2027

In 2027, an additional fifteen drugs will be subject to an MFP. Meanwhile, certain of the ten drugs subject to the MFP in 2026 are anticipated to become exempt due to generic or biosimilar market entry.

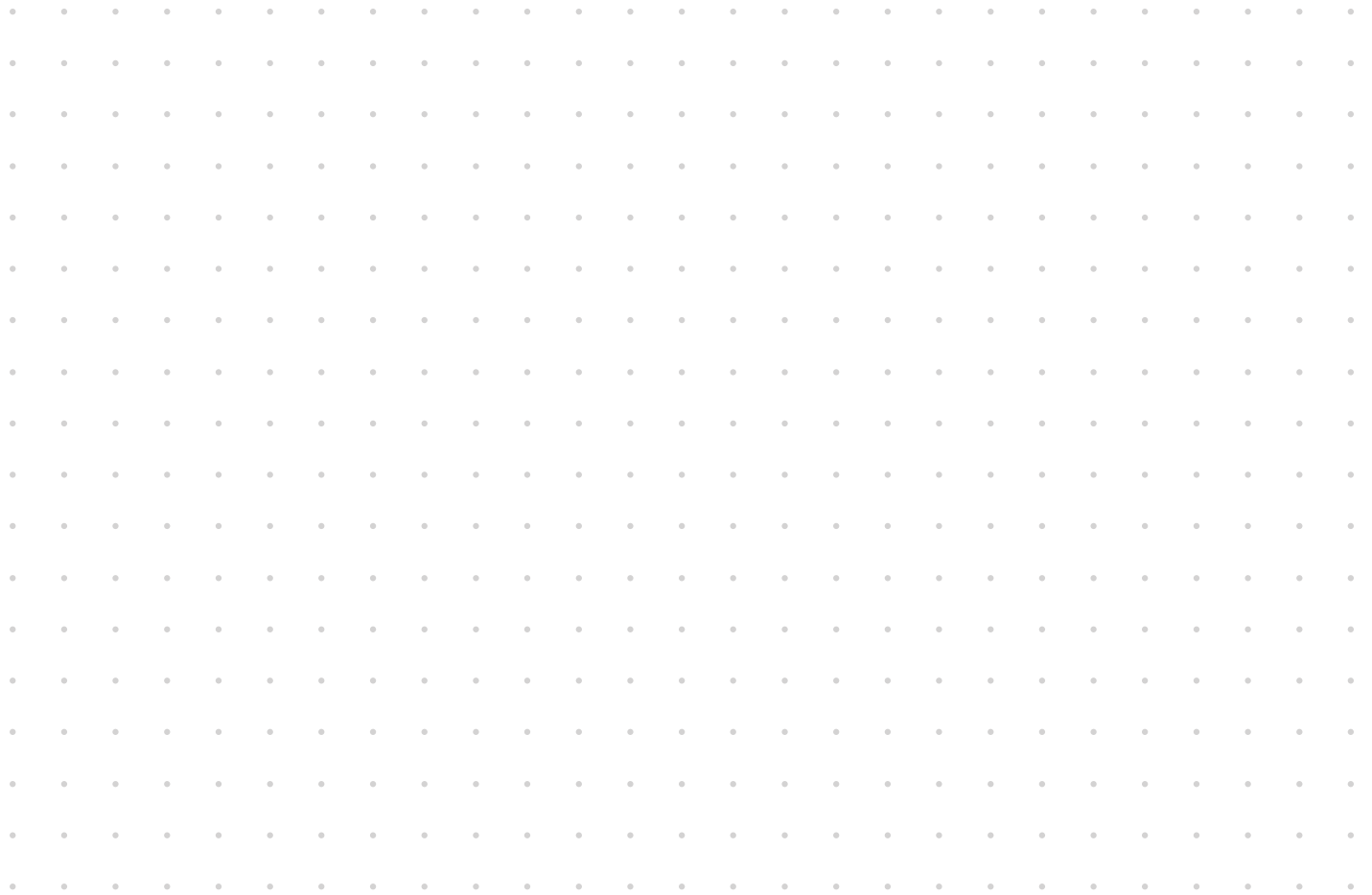
The value of potential duplicate discounts that manufacturers could pay on drugs subject to both the MFP and the 340B price in 2027 is \$5.2 billion.² If the patterns observed so far hold true in 2027, pharmacy self-identification will address only \$261 million (5 percent) of this risk. This leaves manufacturers solely responsible for preventing or recouping nearly \$5 billion in potential duplicate discounts.

FIGURE 2: POTENTIAL DUPLICATE MFP/340B DISCOUNTS FOR SELECTED DRUGS IN 2027



Absent reliable self-identification—and with the 340B rebate model pilot awaiting final guidance and implementation blocked—manufacturers have turned to predictive methods of deduplication and 340B claims collection.

² This amount was derived based on analysis of the share of claims that are 340B-eligible within historical Medicare Part D Prescription Drug Event data; estimates (based on public data) of the 340B discount for drugs subject to the MFP as of 2027; the 2027 MFPs as reported by CMS (<https://www.cms.gov/priorities/medicare-prescription-drug-affordability/overview/medicare-drug-price-negotiation-program/selected-drugs-negotiated-prices>); and CMS reporting on drug utilization as of 2025 (<https://data.cms.gov/summary-statistics-on-use-and-payments/medicare-medicaid-spending-by-drug/medicare-quarterly-part-d-spending-by-drug/data>). List price changes implemented or announced for 2027 were accounted for.



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