

Biden vs. Trump: Pharmaceutical Policies

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This is the latest in a series of TAG memos contrasting the views of Joe Biden and Donald Trump that could most shape U.S. policy toward the Indo-Pacific region in 2025. The last memo on their approach to critical minerals can be found [here](#).

Key Takeaways

| Policy | Trump | Biden |
|----------------------|---|---|
| Supply Chains | <ul style="list-style-type: none"> Introduced a “buy American” plan to boost domestic production, stockpiling, and distribution of medical goods | <ul style="list-style-type: none"> Integrated Trump-era policies into a cross-sector, “whole of government” supply chain security strategy |
| Drug Pricing | <ul style="list-style-type: none"> Leveraged executive authority to introduce a “Most Favored Nation” pricing plan and tighten anti-kickback rules | <ul style="list-style-type: none"> Signed the Inflation Reduction Act, capping some out-of-pocket costs and creating a platform for pricing negotiations |

- Both Donald Trump and Joe Biden’s pharmaceutical policies focused on addressing two important issues: supply chain security and drug pricing. While their views on the former were largely aligned, their approaches to the latter exhibited notable differences in attitude and implementation.
- Trump leveraged executive authority to adopt a more combative stance toward big pharmaceutical companies than previous Republican presidents. In July 2020, he issued several Executive Orders (EOs) on drug pricing that strengthened anti-kickback measures, waived prohibitions on cheaper imports, and incentivized drug makers to lower insulin and epinephrin costs. Trump also pushed for an unprecedented “Most Favored Nation” (MFN) plan to tie U.S. drug prices to their retail prices in wealthy OECD countries.
- Biden leveraged a mix of EOs, congressional actions (e.g., the Inflation Reduction Act), and other policy tools to deepen leverage for drug price negotiations, strengthen inter-agency coordination, and introduce more caps on out-of-pocket spending. He also tasked the department of Health and Human Services (HHS) with developing experimental payment plans for cancer treatment, gene therapy, and other complex remedies.
- A re-elected Trump may try to revive his MFN pricing plan and impose tougher anti-kickback restrictions on pharmaceutical benefit managers (PBMs). A second Biden administration would likely maintain its current course, increasing the range of drugs subject to pricing negotiations and



expanding HHS research on experimental pricing plans. Both candidates support domestic production of active pharmaceutical ingredients (APIs) and personal protective equipment (PPE), although Biden may be relatively more amenable to “friendshoring” while Trump may insist on pursuing “onshoring.”

The U.S. Pharmaceuticals Challenge

The American Journal of Health-System Pharmacy found that the United States spent more than USD 722 billion on prescription drugs in 2023 – a 14 percent increase over the prior year. According to other estimates, total U.S. healthcare spending has reached roughly USD 13,500 per person, amounting to nearly double that of other wealthy countries. As November approaches, U.S. voters will be paying close attention to Trump and Biden’s positions on three related issue areas:

- **Supply chain vulnerabilities.** The COVID-19 pandemic was a significant wake-up call demonstrating international dependency in many links of the U.S. pharmaceuticals supply chain, including APIs, bulk chemicals, and packaging. Quarantines led to months-long disruptions in production, shipping, and inspections. While supply chains have recovered, the American Society of Health-System Pharmacists still noted shortages of 323 items in the first quarter of 2024.
- **Rising and unpredictable drug prices.** According to HSS, from 2022 to 2023, more than 4,200 drugs saw price increases, 46 percent of which were higher than the national urban inflation rate (CPI-U) of 6.4 percent. The average price increase was about 15.2 percent. Variation in drug pricing remains widespread, with the cost of some medicines increasing dramatically and others decreasing by substantial amounts.
- **Drug prices in the United States vs. other countries.** HHS also estimated that in 2022, U.S. prices across all drug brands and generics were almost three times higher than prices for equivalent products in 33 OECD countries. Insulin is an illustrative example. On average, U.S. insulin products are nearly ten times costlier than they are in France, Germany, Japan, and other OECD states. Many U.S. voters believe that the higher costs they pay for drugs allow foreign countries to purchase medications at a cheaper rate.

The Candidates in Comparison

Supply Chain Security

Trump: When Trump entered office in January 2016, pharmaceutical supply chain security was a niche and technical issue that had garnered little policy traction



during previous administrations. However, the widespread shortages in essential drugs, health products, and PPE during the COVID-19 pandemic underscored how supply chain breakdowns could severely disrupt access to critical medical goods. To address this concern, Trump issued Executive Order 13944 (“Combating Public Health Emergencies and Strengthening National Security by Ensuring Essential Medicines, Medical Countermeasures, and Critical Imports are Made in the United States”), in August 2020. The EO – essentially a “buy American” plan – ordered federal agencies to purchase certain drugs and medical supplies from U.S. manufacturers rather than overseas suppliers.

The previous month, Trump also announced his intent to authorize a USD 765 million loan under the Defense Production Act (DPA) to Eastman Kodak to produce key drug components usually manufactured in China and India. The move – very much in the spirit of “buy American” – would have provided additional insulation to U.S. pharmaceutical supply chains. However, the agreement fell apart after Kodak’s leadership used private information about the loan for insider trading.

Based on his past policies, a re-elected Trump would likely maintain many of his predecessor’s pharmaceutical supply chain diversification policies, which built on his first administration’s initiatives. However, some potential differences are notable. First, Trump might expand the range of U.S.-made pharmaceutical goods to be purchased by federal agencies, possibly creating challenges for foreign exporters to the United States. Second, in keeping with his “America First” approach, Trump is more likely to favor onshoring over friendshoring unless U.S. trading partners can offer compelling trade concessions. Finally, the Kodak incident may have made Trump more hesitant about leveraging the DPA again to issue loans to private companies – even if funding was politically available in the absence of a severe public health crisis.

Biden: Biden’s approach to shoring up U.S. pharmaceutical supply chains echoed some elements of his predecessor’s “buy American” plan. Like Trump, Biden aimed to shore up U.S. domestic vaccine and drug manufacturing capabilities while encouraging federal agencies to source drugs and other health products domestically whenever possible. However, Biden’s strategy expanded Trump-era proposals into a “whole-of-government” and cross-sector effort to insulate supply chains for multiple strategic goods, including semiconductors, batteries, and critical minerals. These measures focused on developing mechanisms for enhancing inter-agency cooperation and information-sharing.

The most important of Biden’s pharmaceutical supply chain security policies was Executive Order 14017 (“Executive Order on America’s Supply Chains”). Issued in February 2021, this sweeping EO instructed several cabinet departments – including HHS – to assess supply-chain risks for critical minerals, semiconductors, high-capacity batteries, and pharmaceuticals and then issue recommendations for addressing them in a “100 Day Review.” The review findings were published in a



June 2021 report advocating for more than 70 actions to promote resilience, including bolstering domestic manufacturing of high-quality drug products, geographically diversifying API and PPE sourcing, investing hundreds of millions into new production technologies, and creating production redundancies.

A second Biden administration would likely continue to invest in domestic pharmaceuticals research, production, and manufacturing, tighten cooperation with allies and partners to “friend-shore” vulnerable products, and further enhance cooperation and information-sharing mechanisms between HHS and other federal agencies. Biden also announced his intent to leverage the DPA to accelerate production of vital pharmaceutical goods, although further updates about that measure have yet to emerge.

Drug Pricing

Trump: At the end of his first term, Trump enacted four measures targeted at reducing consumer out-of-pocket medication costs and lowering overall government spending on pharmaceuticals. In July 2020, he issued three EOs: EO 13937 (“Access to Affordable Life-Saving Medications”), EO 13938 (“Increasing Drug Importation to Lower Prices for American Patients”), and EO 13939 (“Lowering Prices for Patients by Eliminating Kickbacks to Middlemen”). The first called upon drug companies to reduce insulin and epinephrine costs. The second directed HHS to grant waivers on the prohibition of prescription drugs imports if they reduced costs for U.S. consumers. The third aimed to strengthen anti-kickback protections targeted at pharmacy benefit managers (PBMs). These EOs built on the plan outlined in Trump’s May 2018 “American Patients First” policy blueprint.

Most importantly, Trump issued a fourth EO (13948, “Lowering Drug Prices by Putting America First”) in September 2020 that aimed to establish “Most Favored Nation” (MFN) pricing for Medicare drug payments, capping prices for some drugs to the lowest price in OECD countries with “comparable” per-capita GDPs. This EO was announced in July, but it was not issued until later to grant drug companies a chance to negotiate for an alternative pricing solution. Implementation rules for the MFN and anti-kickback policy reforms were announced in November. However, the District Court for the Northern District of California issued a nationwide preliminary injunction on the MFN drug pricing plan in December during the transition to the Biden administration.

The combative posture of Trump’s drug pricing policies is a significant departure from the regulatory measures of previous Republican presidents, who have historically adopted a more lenient stance toward large pharmaceutical and insurance companies. Trump appears to harbor a negative view of the industry, which he accused of funding “millions” of dollars in attack ads against his 2016



presidential campaign. A second Trump administration could resume an adversarial posture with additional EOs on drug pricing; attempts to revive Trump's signature MFN policy, and a new slate of rigorous anti-kickback measures.

Biden: Biden's efforts to curb rising drug costs leveraged a mix of EOs, congressional actions, and other policy tools to bolster inter-agency cooperation and create more formalized processes for government-private sector pricing negotiations. The first of these measures was EO 14036 ("Promoting Competition in the American Economy"). Signed in July 2021, the EO set forth 72 initiatives to be implemented by the Federal Trade Commission (FTC) intended to curb anti-competitive practices, including in the pharmaceutical industry. It also created a White House Competition Council to coordinate inter-agency efforts.

Biden's signature policy for curbing high drug prices was the Inflation Reduction Act (IRA), which was signed into law in August 2022. In addition to introducing caps on out-of-pocket costs, the IRA created a formal platform for the federal government to negotiate drug prices with pharmaceutical manufacturers. The first ten drugs subject to negotiation were unveiled in August 2023. Biden also issued EO 14087, "Executive Order to Lower Prescription Drug Costs for Americans," which called upon HHS to explore new healthcare payment and delivery models, including for complex and experimental treatments. In February 2023, HHS proposed three new cost-reduction and access plans for high-value Medicare drugs, cell and gene therapy, and drugs subject to accelerated FDA approval. Notably, however, Biden did not pursue the MFN reference pricing approach designed by the Trump administration (which is also utilized in several other advanced economies).

A re-elected Biden would likely continue to leverage a mix of EOs, congressional actions, and other mechanisms to reduce out-of-pocket costs and extend the runway for government-private sector pricing negotiations. Potential second term actions include increasing the number of Medicare drugs subject to negotiation from 20 to 50; deepening the IRA's requirement that drug companies pay rebates when they increase prices faster than inflation; expanding the USD 2,000 cap on out-of-pocket prescription costs to all private insurance providers; and testing additional plans for lower cost-sharing of high-value generic drugs.

Other Watchpoints

- **The BIOSECURE Act:** The U.S. BIOSECURE Act aims to curb U.S. federal funding to any entities that engage with "biotechnology companies of concern" – including five Chinese entities explicitly named in the legislation. In essence, the measure would – with an implementation grace period – require U.S. pharmaceutical companies to cease working with or sourcing



from a handful of important biotech players in China. Those entities include the WuXi group of contract research organizations (CRO) and contract development and manufacturing organizations (CDMOs), as well as the genomics company BGI and its subsidiaries. If the Act passes, the biopharmaceutical industry could find itself in the middle of bilateral crossfire as Beijing potentially retaliates.

- **International coordination:** Under Biden, the United States launched a handful of initiatives with allies and partners that aim to accelerate drug access and joint development. For example, as part of Biden’s Cancer Moonshot initiative, the U.S. agreed to cooperate with Japan and India on drug-related information sharing and hastening access to cancer therapeutics. Separately, the United States and South Korea established a multilateral pharmaceutical supply chain coalition with Japan, India, and the European Union in June 2024 focusing on resiliency and domestic biopharma industry development. A re-elected Trump team could de-emphasize these cooperative programs if its believes they are inconsistent with former president Trump’s “America First” agenda.

This report was prepared by [Nick Ackert](#).

**This report was published prior to President Biden stepping down as the Democratic presidential candidate on July 21, 2024. A future Harris administration is likely to maintain the broad policy direction proposed by the Biden-Harris campaign.*