

What President Trump's Executive Order on Drug Pricing Means for Employers

Key Takeaways on PBM Transparency, Cost Controls, & Policy Changes



Summary:

President Trump signed an executive order on April 15, 2025 aimed at lowering prescription drug prices and increasing PBM transparency, among other items. While a significant portion of the order relates to Medicaid and Medicare drug benefits, there are several sections that may impact employer plans.

- **DOL to develop PBM transparency regulations:** The order states that within 180 days, the DOL must propose regulations to improve employer health plan fiduciary transparency related to direct and indirect compensation received by PBMs.
 - The order also directs the administration to develop reforms to promote a more transparent and efficient prescription drug market.
- **Site-neutral payment proposals:** Directs Health and Human Services (HHS) to evaluate and propose, if appropriate, regulations to ensure Medicare policies are not “encouraging a shift in drug administration volume away from less costly physician office settings to more expensive hospital outpatient departments.”
- **Calls for acceleration of generic and biosimilars entering the market:** The order calls on the FDA to accelerate approvals for generics and biosimilars and to create pathways for states to import lower cost drugs.
- **Requires federally funded health centers to offer insulin and epinephrine at 340B prices** to uninsured and underinsured patients.
- **Directs a survey on hospital acquisition costs.** This section revamps a plan for Medicare to capture 340B savings.

Analysis and Impact on Employers:

While the executive order provides insight into the administration’s intentions regarding drug pricing policy, most of the order will require further administrative action to take effect. Finalizing administrative changes will be particularly challenging after last year’s Supreme Court decision on Chevron deference, which reduces administrative flexibility.

- Recent mass layoffs at the FDA call into question the feasibility of accelerating drug approvals.
- The Secretary of Commerce recently filed a notice that they are investigating the national security impacts of importing drugs and drug ingredients—a potential precursor to tariffs after President Trump teased implementation of such tariffs.
- While the 340B proposals do not directly impact employers, changes to the program will inform the ongoing debate.