Executive Summary

- In January 2026, manufacturers implemented substantial Wholesale Acquisition Price (WAC) reductions for 7 brands[1] without generic competition, averaging -50%[2]
- 5/7 brands that reduced their WAC in 2026 were selected for negotiation under the Medicare Drug Price Negotiation Program
- While the impetus for WAC reductions among some manufacturers may have been mitigating pharmacy cash flow challenges due to MFP, it is likely that for many, WAC reductions will drive incremental net sales by improving gross-to-net (GTN). A WAC reduction may therefore be worth consideration for highly rebated brands, regardless of MFP selection
- Although reducing WAC may be economically beneficial, there are several risks manufacturers should consider before implementing a WAC reduction strategy
- This trend is expected to continue over the next few years, particularly for products selected for negotiation. For example, in February 2026, Novo Nordisk announced they would be lowering the WAC of Wegovy, Ozempic, and Rybelsus, effective January 1, 2027, which coincides with the implementation of the new MFP.

Introduction

2026 has brought new pricing dynamics to the biopharmaceutical industry. At the turn of the new year, 7[1] drug manufacturers have implemented substantial WAC reductions of up to -75% on one of their brands, effective January 1, 2026 (Exhibit 1).

Brands with 2026 WAC Reductions*

	Brand Name	Manufacturer	2025 WAC	2026 WAC	% Change from 2025 WAC	MFP	% Difference from 2025 WAC
MFP Products	Eliquis	BMS/Pfizer	$565.60	$322.39	-43%	$231.00	-59%
	Jardiance	BI	$628.43	$350.00	-44%	$197.00	-69%
	Farxiga	AstraZeneca	$599.72	$377.82	-37%	$178.50	-70%
	Linzess	AbbVie	$567.97	$282.48	-50%	$136.00	-76%
	Fiasp	Novo Nordisk	$558.83	$139.71	-75%	$119.00	-79%
	Xeljanz*	Pfizer	$6073.14	$4554.86	-25%	Not Applicable	
	Tresiba	Novo Nordisk	$338.95	$94.29	-72%		

[1]Table reflects seven leading brands; additional WAC decreases were observed among other formulations and select products not included

[2] 46Brooklyn's Brand Name List Price Change Box Score

Exhibit 1: Brands with January 2026 WAC reductions. **Note**: Table reflects seven leading brands; additional WAC decreases were observed among other formulations and select products not included. **Source**: Analysource, 46Brooklyn's Brand Name List Price Change Box Score

Notably, 5 of these brands were selected for negotiation under the Medicare Drug Price Negotiation Program. Drugs under this program are reimbursed at negotiated Maximum Fair Prices (MFPs), ranging 59%-79% lower than WAC. For these manufacturers, the decision to reduce WAC likely stemmed at least in part from how pharmacies will be reimbursed post-MFP. Because pharmacies must acquire MFP drugs at WAC and are only reimbursed based on the MFP amount, they must wait to be reimbursed for the remainder of the drug cost through the Medicare Transaction Facilitator (MTF). This will present cash flow problems for pharmacies, which are facing reimbursement delays of up to 21+ days through the Medicare Transaction Facilitator[3]. By taking WAC reductions that align list prices more closely to MFP, manufacturers help reduce or eliminate this cash flow gap.

However, list price reductions may also represent an effort by some manufacturers to alleviate sustained GTN pressures. Depending on a brand's circumstances, a lower list price could help brands to improve their GTN by enough that they ultimately lead to improved net margins, despite a lower WAC. The remainder of this paper will focus on how reducing WAC can be accompanied by profitability improvements, and examine risks and opportunities for WAC reductions outside of MFP products.

How can a WAC price reduction be accompanied by improved profitability?

While decreasing WAC lowers a brand's gross sales, it can also reduce GTN discounts linked to WAC. Depending on the brand's circumstances, the loss of gross sales may be less than the value of GTN improvements, creating aggregate net profitability.

We explain the possible impact of a WAC reduction within major components of GTN spend below:

Payer Rebates: Rebate savings from a WAC reduction depend on the extent of a brand's contracted coverage, the proximity of the new WAC to payers' net price, and incremental discounts needed to preserve access. Savings are greatest for heavily contracted brands where the new WAC and payer net price are closely aligned, allowing brands to realize savings from other GTN line items linked to WAC without substantially sacrificing their net revenue from the payer. For brands that have meaningful amounts of non-contracted volume, gross revenue losses are more likely to outweigh savings from other GTN elements and a WAC reduction is less likely to create value.

Patient Support Programs (PSP): Lowering WAC generally reduces manufacturer liabilities on their PSPs, as patient cost-sharing due to deductibles and coinsurance (where savings programs often incur the greatest levels of spend) declines. Beyond the GTN impact, this

[3] NCPA Member Alert: Upcoming Medicare Part D Contracts and MFP Drugs in 2026

can meaningfully improve patient affordability and support increased utilization by lowering out-of-pocket costs for patients with coinsurance and deductibles.

Statutory Government Programs, 340B and CPI-U: Across 340B, Medicaid, and Medicare, manufacturers are required to pay statutory rebates to reimburse stakeholders for WAC increases taken above inflation. For products facing inflation penalties, lowering WAC narrows or eliminates the gap to the inflation-adjusted benchmark, reducing or eliminating inflation-based rebates. Here, WAC reductions can translate into predictable and durable reductions in GTN costs for brands with government channel exposure.

IRA Benefit Design Liability: Manufacturer's liability from the IRA benefit design can be highly sensitive to WAC, particularly for drugs where patients may spend a meaningful portion of the year in the initial phase of coverage. Reducing WAC can extend the number of Rxs in the initial coverage phase, delaying when patients enter catastrophic coverage (where manufacturer liabilities shift from 10% to 20%). Savings in this area depend on how much a WAC reduction can increase time spent in the initial coverage phase and the volume of the brand in Medicare channels. It is important to note that this effect is negated for MFP drugs given that the 10%/20% manufacturer liability does not apply.

Distribution Service Agreements (DSAs) and Returns: DSA and return fees represent routine channel costs such as payments to wholesalers for distribution and inventory management services. These fees are typically calculated as a fixed percentage of WAC. When WAC is reduced, the absolute dollar value of these percentage-based charges declines proportionally, generating consistent savings across all channels.

ILLUSTRATIVE Low WAC Source of Savings, WAC = $1,000, Rebate = 70%, consider lowering WAC to $300

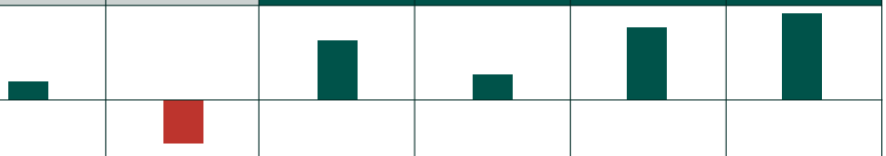
Deductions	Net Price to Payer			Patient Support Program	Statutory Government Programs, 340B and CPI-U	IRA Benefit Design Liability	Distribution & Returns
	Rebated Discretionary	Rebated Statutory	Non-Contracted				
Savings from WAC Reduction (across all channels)							
Total Savings	$0	$3M	($7M)	$21M	$9M	$29M	$42M
Rationale	• Overall loss on non-contracted volume because payers are reimbursing less per script • Some savings in government channels (Medicaid, 340B) due to best price reset			Discount is linked to WAC for many patients (deductibles, coinsurance, etc.)	Savings due to the elimination of inflation-based rebates	Extends # of Rxs in the initial coverage phase, delaying when patients enter catastrophic coverage (where manufacturer liabilities shift from 10% to 20%)	• Fee is a % of WAC • Some savings may be at risk pending the need to re-negotiate DSA agreements

Exhibit 2: Estimated low WAC source of savings for a hypothetical product X. **Note**: Based on a hypothetical drug. **Source**: Hayden Analysis

Risks for Manufacturers

Given that stakeholders across the US market access supply chain have revenues that are tightly linked to WAC, reducing WAC entails risks for the manufacturer (Table 1). While these risks can be mitigated, doing so may affect realized savings. WAC reductions also have the potential to erode stakeholder relationships that could adversely impact future brand and portfolio contracting opportunities.

Table 1: Key Stakeholder Impact & Risks

	Stakeholder Impact	Mitigation Options
Payer	Loss of rebates associated with high-WAC, high-rebate models could disincentivize payers from covering product with a reduced WAC	• Plan to offer marginal rebates to PBMs that slightly reduce payer net cost from current state, as savings may still be large enough to absorb the impact • Seek to leverage advocacy / PR as needed given popular support for reducing drug prices
Distributor	Lost revenue due to reduced WAC-based fees and challenges selling any product acquired at the higher WAC	• Plan for rate renegotiation and – for larger manufacturers – use portfolio leverage to mitigate rate increases • Explore launching a lower-WAC NDC to avoid "refunds" paid to channel partners • Ensure any channel refunds are incorporated into business case and communicated with channel partners
Pharmacy	Potential for losses on any product acquired at the higher WAC	

Manufacturers with large portfolios may have more negotiating leverage to mitigate risks with their channel partners, and increased public and political scrutiny around rebate models may make it difficult for stakeholders to move against brands that reduce WAC. A look at large commercial formularies[4] for the 7 products that recently took a WAC reduction shows access has largely remained unchanged, indicating that these risks can be mitigated. Public statements from Ironwood Pharmaceuticals – the manufacturer of Linzess – indicate its belief that a WAC reduction will ultimately boost net sales (in this case, largely due to savings on inflationary rebates to Medicaid) [5].

Conclusion

[4] UnitedHealthcare Prescription Drug List – UnitedHealthcare Commercial Plans: Effective January 1, 2026; UnitedHealthcare Prescription Drug List – UnitedHealthcare Commercial Plans: Effective January 1, 2025; 2026 Express Scripts National Preferred Formulary; 2025 Express Scripts Basic Formulary

[5] Ironwood Pharmaceuticals FY2026 Guidance

We anticipate that manufacturers of highly rebated brands will continue to explore WAC reductions for the reasons described above. In fact, Novo Nordisk recently announced that effective January 2027, they will be reducing the WAC of Wegovy, Ozempic, and Rybelsus by up to 50%[5]. While risks and execution challenges should not be ignored, recent events have demonstrated the feasibility of this approach both for MFP and non-MFP brands.

[5] Novo Nordisk announces significant reduction in US list price for Wegovy®, Ozempic®, and Rybelsus® (semaglutide medicines), building on continued efforts to expand access, Feb. 24, 2026