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HEALTHCARE

What the US midterm elections mean for healthcare and pharma

Rising fuel prices and the war with Iran have significantly increased the chances of a Democrat-controlled Congress. This could mean greater pricing pressure on pharma and more healthcare affordability measures. However, surprises do happen. We therefore assess three possible scenarios and what they mean for healthcare and pharma



Republicans and Democrats want more domestic manufacturing and lower drug prices, but there are differences in how they get there

The US midterm elections take place on 3 November. All 435 seats in the House of Representatives and 35 of the 100 Senate seats are up for election. With Trump's approval rating hitting a record low according to a Fox News poll, it is no wonder that the pollsters currently suggest the Democrats lead by around 8 percentage points nationally. A Democratic takeover of Congress therefore seems most likely, but a Democratic clean sweep is not certain.

We look at what the possible outcomes could mean for healthcare and pharma.

The key differences

For healthcare, US voters face a clear choice: Democrats want to expand Medicaid and insurance coverage, as well as permanently extend Affordable Care Act (ACA) subsidies. Republicans favour the opposite approach, with greater responsibility shifted to individual states.

For pharma, on the other hand, the old political divide of "Democrats regulate, Republicans leave industry alone" is largely gone. Both parties now see the pharma and biotech sector as key to national security, and therefore want more domestic manufacturing. They also both want lower drug prices. The difference is how they get there. Democrats lean toward government negotiation under Medicare and incentivising domestic manufacturing through other means than tariffs; Republicans lean toward most-favoured-nation (MFN) pricing and trade pressure. In short, the policy risks differ slightly depending on the outcome, but the objectives are largely bipartisan.

Midterm election scenarios and their impact on US consumers and Europe as well as healthcare and pharma

	Impact on healthcare/consumers	Impact on pharma/Europe
1 **Republican revival** Republican House Republican Senate	**Coverage retrenchment:** Medicaid restrictions and spending restraint continue, while restoration of enhanced ACA subsidies remains unlikely. More responsibility shifts towards states, private insurers and consumers. Patients and providers in Medicaid-heavy markets face greater exposure to coverage losses and uncompensated care.	**MFN, tariffs and onshoring:** Trump gains more room to consolidate MFN pricing, tariff exemptions and domestic-production commitments. Continuation of current situation: Europe faces strong price pressure, while the US pulls in investment, pricing and supply-chain pressure remain manageable for the industry .
2 **Trump constrained** Democrat House Republican Senate	**Scrutiny without reform:** Democrats can investigate Medicaid cuts, ACA affordability and administration policy, and pass House bills to restore coverage. A Republican Senate and presidential veto would block most substantial changes, leaving the current coverage framework largely intact. Change for patients is minimal.	**More confrontation, limited change:** House committees investigate MFN agreements, tariffs, FDA decisions and drug pricing. Executive trade and pricing policies largely continue, but hearings, document requests and political uncertainty increase. Bipartisan action possible on PBMs and hospitals. Opportunities for Europe to slow -walk price negotiations increase.
3 **Democrat clean sweep** Democrat House Democrat Senate	**Push to restore and expand coverage:** Democrats seek to reverse or soften Medicaid cuts, restore enhanced ACA subsidies and strengthen access to healthcare, which would lower premiums and out-of-pocket spend for consumers. Democrats' leverage over spending and legislation increases, although Trump's veto and Senate procedural barriers will likely limit their effectiveness.	**Greater pricing risk:** Democrats push to broaden or accelerate Medicare drug -price negotiations, strengthen affordability measures, and scrutinise MFN deals. Desire to onshore production remains, but means could be challenged. Greatest opportunity for Europe to slow -play MFN negotiations as price policy ambiguity increases.

Source: ING

Scenario 1: Republican revival

A Republican victory will embolden President Trump to entrench his healthcare and industrial policy legacy during his final two years in office. His administration would face fewer congressional obstacles to implementing Medicaid restrictions, maintaining a more limited federal role in insurance coverage and resisting restoration of enhanced ACA subsidies.

For consumers as well as healthcare providers and insurers, the main risk would be further coverage erosion. Hospitals in Medicaid-heavy markets could see more uncompensated care. Pharmaceutical volumes could be affected where patients lose coverage or struggle to afford

prescriptions.

For pharma, Republican control of Congress would give Trump greater scope to embed MFN pricing and use tariff exemptions and company agreements to further secure US manufacturing commitments. Pharmaceutical companies would gain greater clarity about the direction of policy, but not relief from pricing or supply-chain pressure. In short, this would be the scenario with the greatest continuity in pharma policy.

Scenario 2: Trump constrained

A Democratic House could obstruct legislation, control committees and launch investigations. But bills restoring ACA subsidies or mitigating Medicaid cuts would face a Republican Senate and, ultimately, Trump's veto. Healthcare policy would therefore become more confrontational but not necessarily very different in practice. Coverage losses and stricter Medicaid eligibility rules would remain immediate issues, while Democrats would use hearings and must-pass spending legislation to put pressure on the administration.

Pharma would face detailed scrutiny of MFN deals, tariffs, and the implementation of Medicare negotiations. Yet neither party would control all the levers required for sweeping reform. This could create room for narrower bipartisan measures, particularly around Pharmacy Benefit Managers (PBM) and hospitals. Broader reform would probably stall, meaning that not much would change for the US consumer.

Scenario 3: Democratic clean sweep

Control of both chambers would give Democrats their strongest platform to restore ACA subsidies, soften Medicaid cuts and make healthcare affordability a central condition in budget and defence negotiations. This would lower premiums and out-of-pocket costs for US consumers, while helping more people retain or gain health insurance. Coverage expansion is also likely to improve hospital finances and prescription volumes.

For pharma, Democrats would likely slow MFN momentum by demanding transparency around the MFN deals as well as challenging their design and cost. It is also likely that they would want to prioritise expanding or accelerating the Medicare drug-price negotiations agreed under the IRA, alongside greater scrutiny of launch prices and PBMs.

Moreover, stronger congressional protection of National Institutes of Health (NIH) funding, scientific institutions and Food and Drug Administration (FDA) review capacity would support biotech and early-stage innovation. If Democrats truly make drug-price negotiations a priority, then this scenario could lead to a mixed outcome: greater price pressure, but a stronger public research base and a better-funded FDA.

Why a Democratic clean sweep would be good news for European governments

For Europe, pressure on the pharma industry to localise in the US will remain under all three scenarios. Democrats may criticise the means, but they also view pharmaceutical supply chains as a national-security issue. Republican and Democratic policy objectives therefore broadly align, while Trump retains substantial executive authority over trade.

The biggest difference is that a Democratic clean sweep would demand greater transparency around MFN deals and increase price pressure through Medicare negotiations. That scrutiny could raise the chances of European governments slow-walking their own price negotiations in the expectation that MFN terms may be delayed or revised. By contrast, a Republican clean sweep would reinforce policy continuity and further strengthen the pull for manufacturing investment to move to the US.

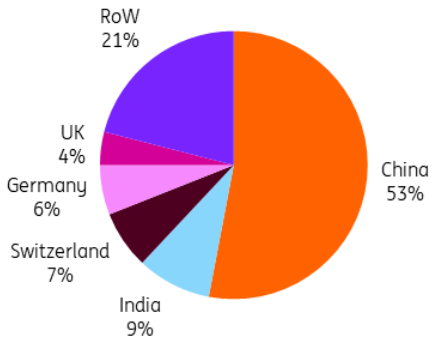
Europe's structural competitiveness issue therefore remains under all scenarios, but is most pronounced if the Republicans win both the House and the Senate. Unless Europe improves commercialisation, capital market depth and harmonises regulation, it risks losing both production to the US and intellectual property/partnerships to China.

Beijing is now more likely to block licensing deals than Washington

China will also keep facing bipartisan pressure. Both parties now view pharma and biotech as key to national security interests and support greater domestic manufacturing and reduced foreign dependencies. However, China's dominance in active pharmaceutical ingredients is unlikely to wane any time soon.

The US imports more than half of its pharmaceuticals from China

US pharmaceutical imports (branded and generic) by volume in 2023



Source: United Nations Commodity Trade Statistics Database; BMI; ING

Furthermore, commercial demand for Chinese innovation will not disappear simply because supply-chain policy becomes more restrictive. We still forecast Chinese outlicensing to increase to more than $250bn this year, nearly double the deal value of 2025 despite geopolitical tensions. What's more, licensing restrictions are now more likely to come from Beijing than Washington. The sector has convinced US policymakers that these deals are needed to access innovation, while China is considering restrictions on acquisitions of biopharma platforms involving key technologies.

These deals will continue under any scenario, but especially if Republicans retain control of Congress. If there is a Democratic clean sweep, however, Trump will tend to focus more on foreign and trade policy, meaning China could end up in the crosshairs. This, in turn, could mean greater scrutiny of licensing and slower growth – not a decline – in dealmaking in 2027.

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