

German pharma exodus a grim warning

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🕒 11 hours ago | In **Politics, Regulatory, Reimbursement**



IQWiG Head of Drug Assessment, Dr Beate Wieseler

22 June 2026

Germany is struggling to contain rising healthcare costs while facing significant disinvestment from pharmaceutical companies, but the head of drug assessment at leading drug agency IQWiG is reluctant to attribute this solely to the US Most Favoured Nation (MFN) policy.

Pharmaceutical spending in Germany **rose 6.4 per cent in the first quarter of 2026**, prompting Health Minister Nina Warke to warn the government is facing a €18.8 billion funding shortfall and finding savings will require “a substantial contribution from all stakeholders in the healthcare sector, including the pharmaceutical industry”.

Yet with the pharmaceutical sector struggling to meet US Administration policy demands, Eli Lilly, AstraZeneca, Pfizer and Boehringer Ingelheim have announced they will pull billions worth of planned manufacturing from Germany.

Speaking with *MedNews*, Dr Beate Wieseler, Head of the Department of Drug Assessment at the Institute for Quality and Efficiency in Healthcare (IQWiG), says it is difficult to pin the exodus purely on US policies.

“What we are seeing in Europe is the number of applications to regulators going down, while we have also seen fewer than expected submissions for joint clinical assessments,” Dr Wieseler said. “It is still unclear whether or not there is a connection with the MFN discussion.”

Germany's reimbursement system is often cited in Australia as world-leading given the country funds all drugs immediately after they are approved and at the manufacturer's requested price, after which a six-month assessment and appraisal process commences followed by a six month price negotiation period. Once this is complete, drugs are funded by sickness funds generated from payments of employees and employers, along with a limited addition of taxpayer money.



Europe is experiencing falling drug applications.

Dr Wieseler describes the system as “solidarity healthcare” and says the government is very aware of the cost burden the funds place on citizens and employers, and while Germany wants to remain attractive to pharma companies, budget controls may prompt the country to focus more on funding novel therapies that offer a significant benefit over existing products rather than products that cannot prove a significant added benefit.

The country currently classes new therapies by their offered added benefits as compared to the standard of care, ranking that benefit as major, considerable, or minor, while those that cannot prove an added benefit are funded at the same or a lower price than standard of care. The system is not perfect, says Dr Wieseler, and has room for cost savings.

“Not every new drug is innovative, but if a new medicine is providing a real added benefit, we want to provide it to patients,” she says. “Maybe the current situation will strengthen the connection to proven added benefit, but again, this is something I cannot predict.

“We still see drugs without proven added benefit getting higher prices, so there seems to be some room for concentrating funding on drugs with real proven added benefit, but whether that is the way to go, I have no idea.”

Germany is a reference market for MFN and Dr Wieseler says this is putting considerable pressure on pharma companies to respond. Germany pays above-average prices compared to the European average, but these prices are still lower than in the US.

“We should not ignore the pressure the pharmaceutical industry is under,” she said.

“Companies are certainly under heavy pressure, but healthcare systems are also under pressure.

“In Germany, there is a predicted budget gap of billions, and politics has reacted to that. Healthcare costs are also a burden to companies, so it is really difficult for me to judge which of these components is shaping what is happening right now.

“Standard cancer drugs are now often costing more than €100,000 per year, and this is no longer sustainable. You can't just expand the healthcare budget to meet the requirements of MFN without controls.

“There are very difficult discussions going on in Germany right now about healthcare budgets, and those discussions are about savings, not expenditure.”

Dr Wieseler's frank assessment of the volatility and unpredictability of the European market lies in stark contrast with Australia, where the government has said **there are no signs MFN is impacting** either new drug applications or the PBS despite a clear increase in therapies being withdrawn from the market, albeit older drugs.

She says while it is more than a year since the US Administration announced the MFN policy, stakeholders are still struggling to understand the policy – and whether it will even provide benefits in the US.

“The consequence of MFN is highly unpredictable and whether companies refrain from entering the German market because they fear this would result in lower prices in the US, I just don't know,” she says.

“I don't understand the entire strategy, but it must be incredibly difficult for industry to come up with a decision on how to enter markets.

“MFN is also putting pressure on companies to manufacture in the US, so they might decide to move production there irrespective of pricing discussions in Europe. We also hear different reasons for companies leaving Germany. BioNTech decided to move part of its research to the UK, their reasoning being that the UK has a highly qualified workforce and clinical trials are easier to conduct.

“MFN is easy to argue and puts pressure on the current debate, but it's all very difficult and unpredictable.”

Regardless, Dr Wieseler is confident the European market will remain attractive to pharma – and companies will continue to launch medicines in Germany.

“Europe is a market of 450 million people with universal coverage, and that can't be ignored,” she said. “Our joint goal is to retain universal coverage and good healthcare for citizens, and that is a good business opportunity for industry. We just have to find the right balance, which is what we are struggling with right now.

“Everybody wants to understand the best way forward, but there is value in a sustainable healthcare system, both for the German population, the broader European population, and for Australian's population.

“A universal and sustainable healthcare system is something to defend, and everybody is struggling to find the best way to defend it. We just don't know what that is.”

**MedNews editor Megan Brodie interviewed Dr Wieseler at the HTAi Annual Meeting in Istanbul.*



MFN is hurting access in Europe and Australia.