

PNC PHARMA & LIFE SCIENCES

Monthly News Brief

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US Semiconductor Import Probe Looms Over MedTech Industry *(BioPharma Dive)*

Medical device manufacturers could face increased costs if the Commerce Department's Section 232 probe leads to tariffs on chips. Tariffs on semiconductors could raise input costs for medical device manufacturers, yet companies may not be able to pass those costs on to customers immediately. The impact on MedTech companies from potential semiconductor tariffs could be substantial, with even small increases in component costs having outsized effects on margins when absorbed across large product volume

Medicaid Cuts Could Have 'Drastic Impact' on Providers *(Healthcare Dive)*

Some providers may need to reduce services, lay off staff or close their doors if Congress enacts major cuts to the safety-net insurance program. Medicaid has a wide reach, accounting for about 20% of spending on hospital care and more than 60% of long-term care services. Hospitals will look to cut costs, potentially by laying off workers or reducing services. Physician practices could close their doors, or they might try and sell themselves to larger health systems or private equity firms

House Committees Advance Reconciliation Text with Big Impacts on Healthcare *(MedTech Dive)*

The Energy and Commerce and Ways and Means committees held marathon markups and voted along party lines to advance Republican legislation containing a number of healthcare provisions, including sweeping cuts to Medicaid. The most drastic reforms are targeted at the safety-net Medicaid program with provisions out of Energy & Commerce totaling \$625B in savings but would cause roughly 8 million Americans to become uninsured, according to a preliminary estimate from the Congressional Budget Office. The bill is likely to be tweaked in the full House or Senate

Trump Rives 'Most Favored Nation' Plan in Effort to Cut US Drug Prices *(BioPharma Dive)*

The Trump administration is resurrecting a policy that aims to tamp down some pharmaceutical costs in the U.S. by linking them to prices paid abroad, delivering another jolt to an industry it has already targeted for tariffs. The policy, which Trump unsuccessfully tried to implement in his first term, would link prices paid across the healthcare system to those in a group of other high-income countries, mostly in Europe. The policy will likely be challenged in court by drugmakers, who will argue the only legal way to negotiate drug prices is through congressional action governing Medicare and Medicaid, which already exists through such laws as the Inflation Reduction Act

FDA Clears First Blood Test to Aid Alzheimer's Diagnosis *(MedTech Dive)*

The FDA cleared the test for the early detection of amyloid plaques associated with Alzheimer's in people aged 55 years and older with signs and symptoms of the disease. Fujirebio Diagnostics received the 510(k) clearance, which the FDA said is the first of its kind, after showing its blood test is substantially equivalent to an existing diagnostic that uses samples collected through an invasive lumbar puncture, also known as a spinal tap. Findings indicate that the new blood test can reliably predict the presence or absence of amyloid pathology associated with Alzheimer's disease at the time of the test in patients who are cognitively impaired

Why Medtronic Plans to Spin Out its Diabetes Business *(MedTech Dive)*

Medtronic announced plans to spin out its diabetes business which generated \$2.5B of revenue in 2024, with management stating the company is "ready to stand alone and think it's well suited for the public markets." The new diabetes company would be the only one in the market that sells both insulin pumps and glucose sensors. Medtronic expects to conclude the deal, which would involve an initial public offering and a subsequent split-off, within 18 months

Merck, Daiichi Pull Approval Application for ADC in Lung Cancer *(BioPharma Dive)*

Merck and Daiichi Sankyo have withdrawn an approval application for a lung cancer drug at the center of a multibillion-dollar alliance the companies formed two years ago. The companies were seeking an "accelerated" approval of the drug in people whose non-small cell lung cancer has a mutation in a gene called EGFR, reporting that it meaningfully delayed tumor progression compared to chemotherapy in a Phase 2 trial. However, they also found that their drug didn't extend survival, the gold standard for a cancer drug

McKesson to Spin Off Surgical Supplies Unit, Forecasts Strong Annual Profit *(Reuters)*

McKesson said it is planning to spin off its \$11.4B revenue medical-surgical solutions unit into an independent company to focus on its core drug distribution business. The company said separation of the unit, which supplies surgical instruments and services, will allow it to focus on distribution of cancer drugs and other specialty medicines, which have shown higher growth and provide better margins

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