

PNC PHARMA & LIFE SCIENCES

Monthly News Brief

January 2026

AstraZeneca Strengthens China Ties With Planned \$15B Investment *(BioPharma Dive)*

AstraZeneca plans to invest up to \$15B in China over the next five years, reinforcing the country's growing importance to the global pharmaceutical industry. The investment, which runs through 2030, will span the entire drug development value chain, including drug discovery, clinical research, and manufacturing. The Company plans to expand existing manufacturing and R&D facilities in cities such as Wuxi, Taizhou, Qingdao, and Beijing, while also establishing new sites that will be disclosed later. Last year, Chinese companies signed more than 60 licensing deals with U.S. and European drugmakers. AstraZeneca alone has inked 16 such agreements with Chinese partners since 2023.

Drugs for Cancer, Arthritis and HIV on Medicare's List for 2028 Price Cuts *(BioPharma Dive)*

The Centers of Medicare and Medicaid Services (CMS) announced the 3rd round of drugs that will be subject to Medicare Part D and Part B price negotiations starting in 2028, using authority granted under the Inflation Reduction Act (IRA). For the first time, the list includes medicines covered by Medicare "part B" program that involves drugs administered in a physician's office or other healthcare facility. The fifteen drugs include: Biktarvy (HIV), Botox (Migraines, Movement Disorders), Trulicity (Type 2 Diabetes), Entyvio (Crohn's, Ulcerative Colitis), Erleada (Prostate Cancer), Kisqali (Breast Cancer), Lenvima (Various Cancers), Verzenio (Breast Cancer), Cosentyx (Psoriasis, Arthritis), Cimzia (Crohn's, Arthritis), Orencia (Arthritis), Xeljanz (Arthritis, Ulcerative Colitis), Anoro Ellipta (COPD), Xolair (Asthma), and Rexult (Depression). Combined, the 15 drugs account for ~\$27B in Medicare spending and are used by ~1.8MM enrollees.

The Future of Diagnostics: Key Trends That Will Shape Point-of-Care Testing by 2030 *(IQVIA)*

Diagnostics are becoming a central driver of healthcare decision-making, moving beyond simple test results to play a critical role in prevention, early detection, treatment selection, and monitoring. Advances in data integration, artificial intelligence, and real-world evidence are transforming diagnostics into more predictive, personalized, and actionable tools. Key trends include the convergence of diagnostics with therapeutics, greater use of AI-enabled interpretation, and the shift toward decentralized and point-of-care testing that brings diagnostics closer to patients. The global Point-of-Care (POC) diagnostics market is expanding rapidly at a 6-7% CAGR, fueled by the surge in at-home and pharmacy testing, increasing chronic disease prevalence, growing telehealth integration, and supportive regulatory frameworks. North America maintains market leadership with Asia Pacific emerging as the fastest-growing region.

AbbVie Pledges \$100B in US Production in Drug Pricing Deal With Trump *(BioPharma Dive)*

AbbVie agreed to a drug pricing and manufacturing deal with the Trump administration, pledging to invest \$100B in U.S. pharmaceutical research, development, and manufacturing over the next decade in exchange for three years of exemption from pharmaceutical tariffs and potential pricing mandates. The agreement is part of the administration's broader "most favored nation" pricing push, which aims to align U.S. drug prices more closely with those paid in other countries. As with the many other MFN deals revealed between the Trump administration and large pharma companies, the agreement is short on details as well as its potential impact on AbbVie's earnings. Under the deal, AbbVie said it will provide lower prices to Medicaid and expand access to commonly used, off patent medicines, through a government purchasing portal.

Labor Department Wants to Strong-Arm PBMs Into Being More Transparent With Employers *(Healthcare Dive)*

The U.S. Department of Labor (DOL) has proposed a new rule that would significantly increase transparency requirements for pharmacy benefit managers (PBMs). Under the proposed rule, PBMs would be required to share rebates and fees received from drug manufacturers, compensation earned through spread pricing, and any additional payments collected from pharmacies related to employer prescription drug plans. Employers would also gain the right to audit PBMs' disclosures, with the threat of enforcement actions and civil penalties if PBMs fail to comply. The proposal is part of the Trump administration's broader effort to reduce healthcare costs through price transparency and is being described by regulators as the most significant federal reform of PBMs in decade.

4 Medtech Topics to Watch in 2026 *(Medtech Dive)*

There are four major topics expected to shape the medical devices industry in 2026. (1) The expiration of enhanced Affordable Care Act subsidies, which is expected to raise insurance costs for about 22MM people and potentially leave around 4MM uninsured. While the direct impact on device sales is hard to quantify, reduced coverage could dampen procedure volumes and hospital spending. (2) M&A activity is expected to remain strong in 2026, as large medtech companies look to bolster portfolios, expand into faster-growing segments, and deploy capital despite political and economic uncertainty. (3) Ongoing trade tensions and the potential outcome of a Section 232 investigation pose continued risk for the industry. Tariffs already weighed on earnings for some companies in 2025, and further levies in 2026 could pressure margins. (4) Surgical robotics remains a major growth and competitive battleground. Medtronic's Hugo system, along with efforts from other challengers, is aiming to erode Intuitive Surgical's long-standing dominance with the da Vinci platform.

This news brief was prepared for general information purposes only and is not intended as legal, tax or accounting advice and does not constitute the provision of investment or economic advice to any person, or a recommendations to buy or sell security or adopt any investment strategy. Under no circumstances should any information contained in this brief be used or considered as an offer or commitment, or a solicitation of an offer or commitment, to participate in any particular transaction or strategy. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. Any reliance upon any such information is solely and exclusively at your own risk. Please consult your own counsel, accountant or other investment professional to discuss, or tailor a financial plan, to your specific situation. Neither PNC Bank nor any other subsidiary of The PNC Financial Services Group, Inc. will be responsible for any consequences of reliance upon any opinion or statement contained here, or any omission. PNC is a registered mark of The PNC Financial Services Group, Inc. ("PNC"). ©2026 The PNC Financial Services Group, Inc. All rights reserved.