J.P. Morgan Research

2026 US Healthcare and Biotech Outlook

Drug pricing reform, GLP1 pipeline, and M&A; activity

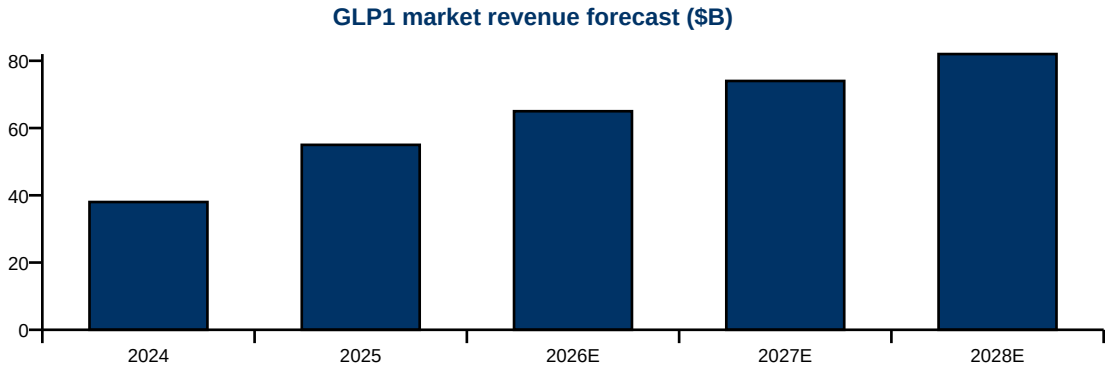
February 11, 2026

Executive Summary

The U.S. healthcare and biotech sector in 2026 is defined by legislative implementation of drug pricing reform, an accelerating GLP1 receptor agonist pipeline, and a rebound in M&A; and licensing activity. We present our updated sector outlook with a focus on large cap pharma, specialty biotech, and managed care. Our analysis incorporates the latest regulatory developments, clinical trial readouts, and capital deployment trends. We maintain a constructive stance on diversified pharma with strong pipelines and see selective value in mid cap biotech names approaching key catalysts.

Drug pricing and regulatory landscape

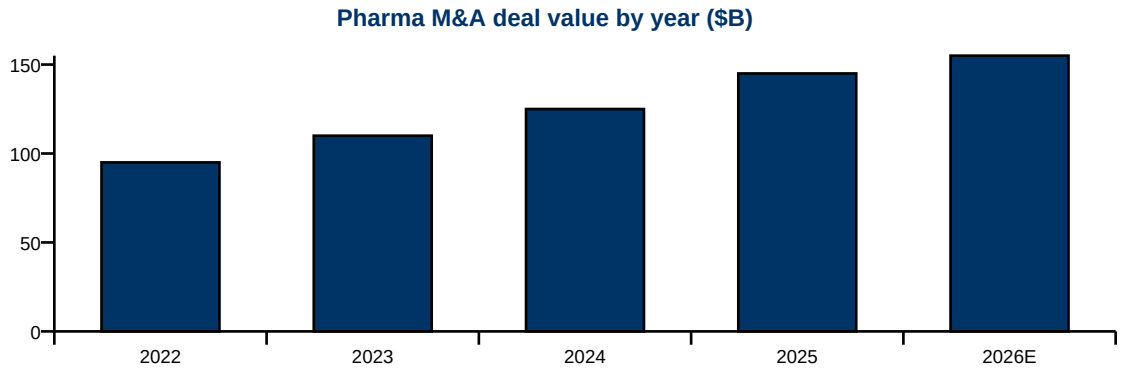
Medicare drug price negotiation provisions continue to be implemented, with the next round of negotiations expanding the list of covered products. We estimate the revenue impact for affected companies and discuss the strategic responses, including lifecycle management and portfolio rebalancing. Broader legislative proposals around pharmacy benefit managers and biosimilar incentives are progressing, and we monitor the outlook for additional reform measures. FDA approval timelines and advisory committee outcomes remain important near term catalysts for biotech names in our coverage. We also assess the impact of patent cliffs for several blockbuster drugs approaching loss of exclusivity over the next two to three years.



Source: J.P. Morgan Research. E = estimate. Global GLP1 class revenue.

GLP1 and obesity therapeutics

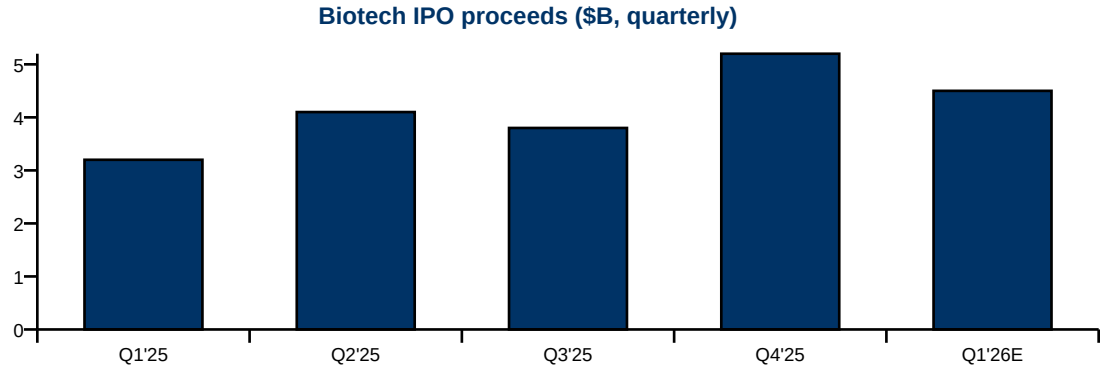
The GLP1 receptor agonist class continues to see extraordinary demand, with supply constraints gradually easing as manufacturers expand capacity. We estimate the global GLP1 market could exceed $80 billion by 2028, driven by expanding indications and improved access. Competition is intensifying, with multiple next generation oral and combination therapies in late stage development. We analyze the competitive landscape and discuss implications for incumbents and new entrants. Payer coverage decisions and out of pocket costs remain key variables for patient access and market size. We also consider the broader implications for adjacent sectors, including medtech, food, and managed care.



Source: J.P. Morgan estimates. Includes announced deals over $1B.

M&A; and capital deployment

Pharma and biotech M&A; activity has picked up in 2025 and 2026, driven by patent cliff exposure and the need to replenish pipelines. Large cap pharma balance sheets remain strong, and we see continued appetite for bolt on acquisitions and licensing deals. Valuations for mid cap biotech with differentiated assets have risen from 2023 lows, but we still see selective opportunities for acquirers. We highlight names that we believe are potential targets and discuss the strategic rationale and financial implications. IPO and secondary offering activity has improved, providing additional capital to the sector. We discuss the outlook for returns on deployed capital and the risk of overpaying in competitive processes.



Source: J.P. Morgan Research. E = estimate. US biotech IPOs.

Sector recommendations and risks

We maintain overweight ratings on diversified pharma with strong pipeline visibility and manageable patent cliff exposure. In biotech, we favor names with near term catalysts and sufficient cash runway to reach value inflection points. Managed care names are selectively attractive based on earnings growth and valuation. Key risks include unexpected regulatory outcomes, clinical trial failures, and further pricing pressure from legislative or executive action. We provide updated price targets and discuss the catalyst calendar for the coming quarters. Our recommendations are intended for institutional investors and reflect a balanced approach to growth and risk.