The Price of Global Health

Drug Pricing Strategies to Balance Patient Access and the Funding of Innovation

Second Edition

ED SCHOONVELD

GOWER
Drug Pricing 55
Government Control 58
Price Sensitivity under US Managed Care 60
Patient Impact 62

Chapter 4 Reference-Based Pricing 65
ATC Classification System 65
Problems with Referenced-Based Pricing Systems 69
Adoption of RBP-II Systems 70

Chapter 5 Health Outcomes and Health Economics 73
What Is It? 73
Health Outcomes and Quality of Life 75
Importance of Health Outcomes and Health Economics 76
Role of Health Outcomes and Health Economics in MA&P 82

Chapter 6 Features, Benefits, Value and Price 87
Benefits 88
Value 90
Customer Preferences 92
Setting the Right Price 97

PART B STRUCTURED MARKET ACCESS AND PRICING APPROACHES

Chapter 7 Pricing and Drug Development 103
Asset Shaping Stage 107
Evidence-Building Stage 114
Implementation and Adjustment Stage 120

Chapter 8 Payer Segmentation 127
Segmentation Dimensions and Archetypes 127
Global Payer Segmentation 130
Competitive Insurance-Based System 133
Therapeutic Reference Systems 138
Health Economics-Driven Systems 141
Emerging Cash Markets 145
Chapter 9  Key Situation Factors: The PODiUM Approach  147
Patient and Treatment Flow  148
Promise Options  150
Direct Competition  152
Unmet Needs  153
Money Flow  154

Chapter 10  The BEST PRICE Framework to Market Access and Pricing  159
Benefits Analysis  160
Assess Evidence Needs  166
Payer Value Story  172
Price Evaluation  174

Chapter 11  Payer Value Story  187
Value Dossier  188
TEMPLE Framework  188

PART C  DEVELOPING AN INTEGRATED GLOBAL STRATEGY

Chapter 12  Developing a Global Pricing Strategy  205
Objective of a Global Pricing Strategy  205
Impact of Price Cascading on Profits  207
Global Strategy Development  210

Chapter 13  Public Policy and Ethical Considerations  227
Profit versus Right to Healthcare  227
Compulsory Licensing  230
Differential or Equity Pricing  231
Global Trade versus Social Policy  235

Chapter 14  Oncology and Orphan Drugs  239
Oncology is Different ... (?)  239
Orphan Drugs  246

Chapter 15  Payer and Pricing Research  251
Research and Payer Understanding  251
Qualitative Payer and Pricing Research  254
Van Westendorp  259
Monadic Testing  264
Gabor-Granger
Conjoint Analysis
Discrete Choice
Linked Decision Making
“Don’t Try This at Home”

PART D  MARKET ACCESS AND PRICING STRATEGY IMPLEMENTATION

Chapter 16  Corporate Market Access and Pricing Function
Pricing and Corporate Decision Making
Pricing and Marketing
Market Access and Pricing Functions
MA&P and the Drug Development Process
Go-to-Market Efforts
Global Management of Price
Market Access and Pricing Organization
Role of Information Systems

Chapter 17  Market Access and Pricing Negotiations
Prescription Drugs versus Other Products
Negotiation Settings
Payer Perspective
Understanding the Payer’s Point of View
Examining our Value Proposition
Payer Objections
Price
Structuring Compromise

Chapter 18  Risk Sharing and Managed Entry Agreements
What is Risk Sharing?
“Alternative Pricing Schemes” Would Have Been a Better Name
Types of Risk Sharing Deals
Finding the Deal that Makes Sense
Managed Entry Agreements
Managed Entry Agreements in Emerging Markets
Implementation Considerations
The Future of Risk Sharing
PART E  KEY HEALTHCARE SYSTEMS

Chapter 19  United States  319
  Key Statistics  319
  Overview  319
  Pricing  320
  Private Health Insurance  322
  Pharmaceuticals  324
  Medicare  331
  Medicaid  334
  Hospital Drugs  335
  Healthcare Marketplace (Exchanges)  336
  Hospitals, Provider Organizations and Accountable Care Organizations  339
  Implications for List and Net Pricing Strategies  340

Chapter 20  Canada  341
  Key Statistics  341
  Overview  341
  Pharmaceuticals  341
  Pricing  342
  Pan-Canadian Pricing Alliance  344
  Common Drug Review  345
  Provincial Formularies  346
  Private Plans  346
  Health Economics  347
  Hospitals  347
  Outlook  347

Chapter 21  France  349
  Key Statistics  349
  Overview  349
  Pharmaceuticals  350
  Market Access  351
  Medical Benefit and Added Medical Benefit Assessment  352
  Medico-Economic Assessment  355
  Price Determination  356
  Reimbursement Rate Determination  358
  Hospital Drugs  358
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Country</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Germany</td>
<td>361</td>
</tr>
<tr>
<td>22</td>
<td>Key Statistics</td>
<td>361</td>
</tr>
<tr>
<td>22</td>
<td>Overview</td>
<td>361</td>
</tr>
<tr>
<td>22</td>
<td>Pharmaceuticals</td>
<td>362</td>
</tr>
<tr>
<td>22</td>
<td>Pricing</td>
<td>363</td>
</tr>
<tr>
<td>22</td>
<td>Reimbursement</td>
<td>368</td>
</tr>
<tr>
<td>22</td>
<td>Price Referencing</td>
<td>369</td>
</tr>
<tr>
<td>22</td>
<td>Target Prescribing Volumes</td>
<td>371</td>
</tr>
<tr>
<td>22</td>
<td>Prescribing Guidelines and Controls</td>
<td>371</td>
</tr>
<tr>
<td>22</td>
<td>Parallel Trade</td>
<td>372</td>
</tr>
<tr>
<td>22</td>
<td>Health Economics</td>
<td>372</td>
</tr>
<tr>
<td>22</td>
<td>Hospitals</td>
<td>373</td>
</tr>
<tr>
<td>22</td>
<td>Future Developments</td>
<td>373</td>
</tr>
<tr>
<td>23</td>
<td>Italy</td>
<td>375</td>
</tr>
<tr>
<td>23</td>
<td>Key Statistics</td>
<td>375</td>
</tr>
<tr>
<td>23</td>
<td>Overview</td>
<td>375</td>
</tr>
<tr>
<td>23</td>
<td>Drugs</td>
<td>376</td>
</tr>
<tr>
<td>23</td>
<td>Pricing and Reimbursement</td>
<td>377</td>
</tr>
<tr>
<td>23</td>
<td>Reimbursement</td>
<td>379</td>
</tr>
<tr>
<td>23</td>
<td>Regions</td>
<td>380</td>
</tr>
<tr>
<td>23</td>
<td>Hospitals</td>
<td>381</td>
</tr>
<tr>
<td>23</td>
<td>Health Economics</td>
<td>381</td>
</tr>
<tr>
<td>23</td>
<td>Risk Sharing</td>
<td>381</td>
</tr>
<tr>
<td>23</td>
<td>Future</td>
<td>382</td>
</tr>
<tr>
<td>24</td>
<td>Spain</td>
<td>383</td>
</tr>
<tr>
<td>24</td>
<td>Key Statistics</td>
<td>383</td>
</tr>
<tr>
<td>24</td>
<td>Overview</td>
<td>383</td>
</tr>
<tr>
<td>24</td>
<td>Pharmaceuticals</td>
<td>384</td>
</tr>
<tr>
<td>24</td>
<td>Pricing and Reimbursement</td>
<td>384</td>
</tr>
<tr>
<td>24</td>
<td>Reference Pricing</td>
<td>385</td>
</tr>
<tr>
<td>24</td>
<td>Regions</td>
<td>385</td>
</tr>
<tr>
<td>24</td>
<td>Health Economics</td>
<td>386</td>
</tr>
<tr>
<td>24</td>
<td>Parallel Trade</td>
<td>386</td>
</tr>
<tr>
<td>25</td>
<td>UK</td>
<td>387</td>
</tr>
<tr>
<td>25</td>
<td>Key Statistics</td>
<td>387</td>
</tr>
<tr>
<td>25</td>
<td>Overview</td>
<td>387</td>
</tr>
</tbody>
</table>
Drugs 388
Pricing 388
Reimbursement 389
Patient Co-payments 389
Health Economics 390
Clinical Commissioning Groups 391
Risk Sharing Deals and Patient Access Schemes 391
Value-Based Assessment 392
Early Access to Medicines Scheme 393
Future Developments 394

Chapter 26  Japan 395
Key Statistics 395
Overview 395
Drugs 396
Pricing for New Drugs 396
Pricing Adjustments for Listed Drugs 399
Outlook 400

Chapter 27  Australia 401
Key Statistics 401
Overview 401
Drugs 402
Reimbursement Approval 402
Therapeutic Referencing 402
Health Economics 403
Therapeutic Group Premium 404
Risk Sharing 404

Chapter 28  Brazil 405
Key Statistics 405
Overview 405
SUS 406
Pharmaceuticals 406
Pricing 407
Reimbursement 407
Compulsory Licensing 408
Productive Development Partnerships 409
Outlook 409
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Country</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td>China</td>
<td>411</td>
</tr>
<tr>
<td></td>
<td>Key Statistics</td>
<td>411</td>
</tr>
<tr>
<td></td>
<td>Overview</td>
<td>411</td>
</tr>
<tr>
<td></td>
<td>Drugs</td>
<td>412</td>
</tr>
<tr>
<td></td>
<td>Outlook</td>
<td>413</td>
</tr>
<tr>
<td>30</td>
<td>India</td>
<td>415</td>
</tr>
<tr>
<td></td>
<td>Key Statistics</td>
<td>415</td>
</tr>
<tr>
<td></td>
<td>Overview</td>
<td>415</td>
</tr>
<tr>
<td></td>
<td>Drugs</td>
<td>416</td>
</tr>
<tr>
<td></td>
<td>Patient Access Programs</td>
<td>416</td>
</tr>
<tr>
<td></td>
<td>Compulsory Licensing</td>
<td>417</td>
</tr>
<tr>
<td></td>
<td>Outlook</td>
<td>417</td>
</tr>
<tr>
<td>31</td>
<td>South Korea</td>
<td>419</td>
</tr>
<tr>
<td></td>
<td>Key Statistics</td>
<td>419</td>
</tr>
<tr>
<td></td>
<td>Overview</td>
<td>419</td>
</tr>
<tr>
<td></td>
<td>Drugs</td>
<td>419</td>
</tr>
</tbody>
</table>

References 423
Index 427