FIX THE FUTURE?

4th PPRI Conference: Medicines access challenge – The value of pricing and reimbursement policies
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Valérie Paris, OECD

OCDE
DES POLITIQUES MEILLEURES POUR UNE VIE MEILLEURE

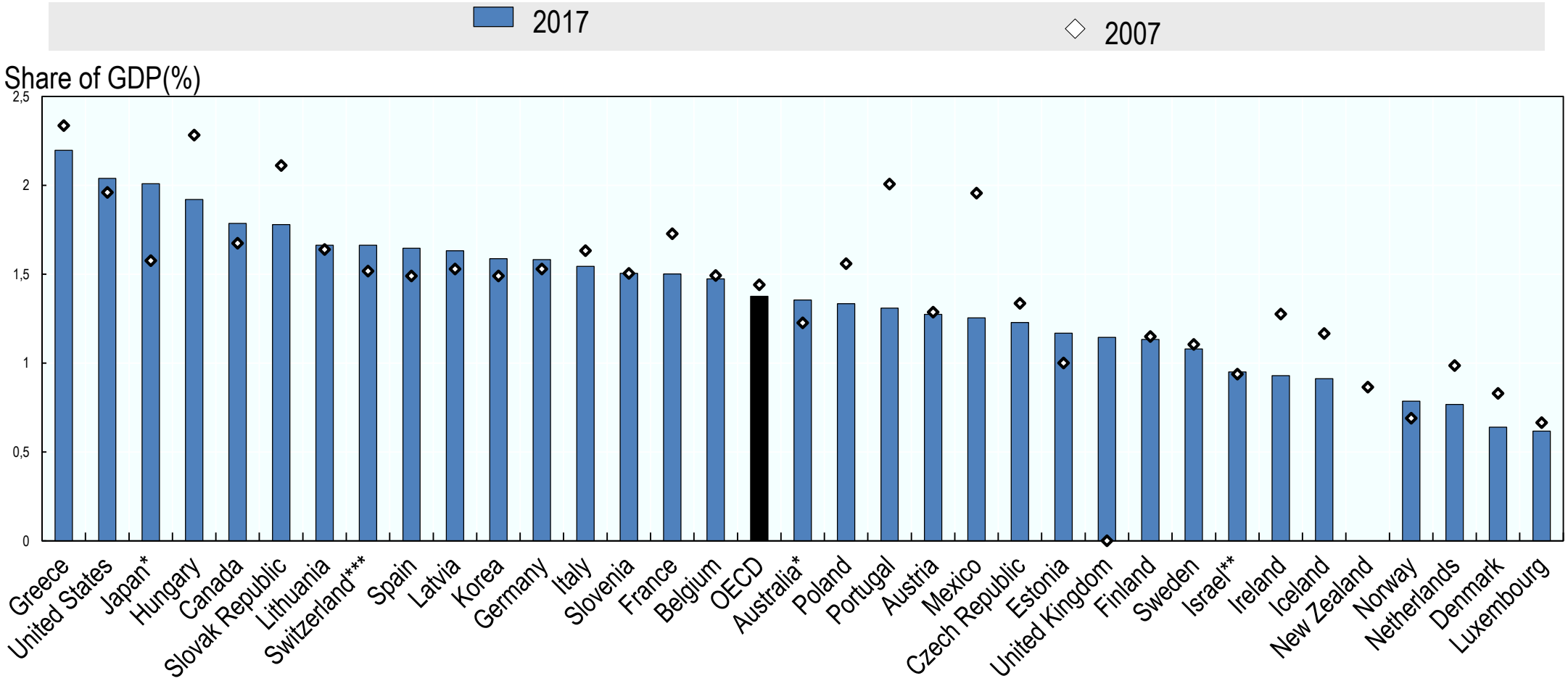
I have no conflict of interest to declare

Challenges for policy makers

- **Launch prices increasing in some therapeutic areas (oncology, rare diseases)**
- ***Not always* associated great health improvements**
- **Increases in list prices** of existing on-patent medicines (U.S.)
- **Sharp price increases for some off-patent products**
- Some unmet medical needs **are not adequately addressed** by current investments in R&D
- **Uncertainties on clinical benefits of medicines with early approval**

Sustainability: Share of retail pharmaceutical spending in GDP stable (on average) over the past decade

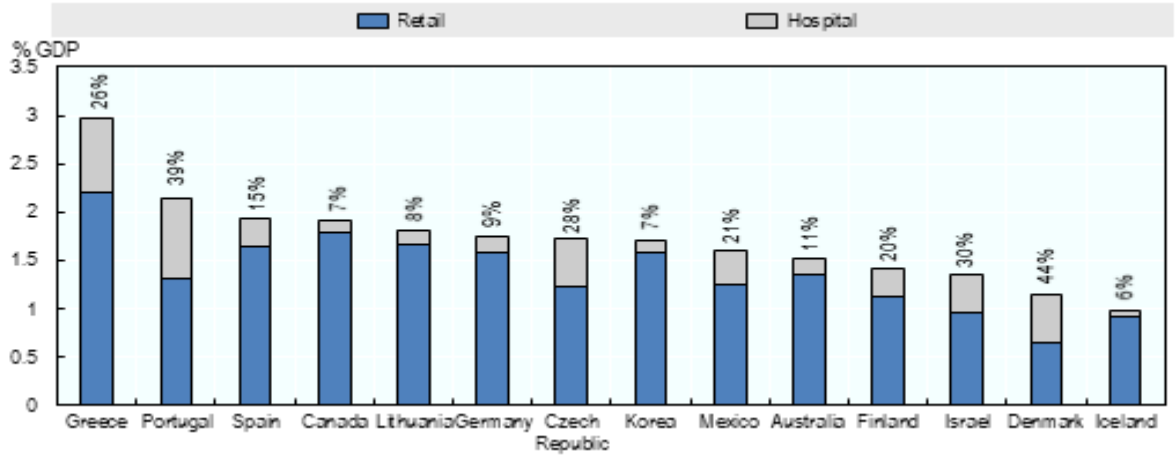
Retail pharmaceutical expenditure, as share of GDP, 2007-2017



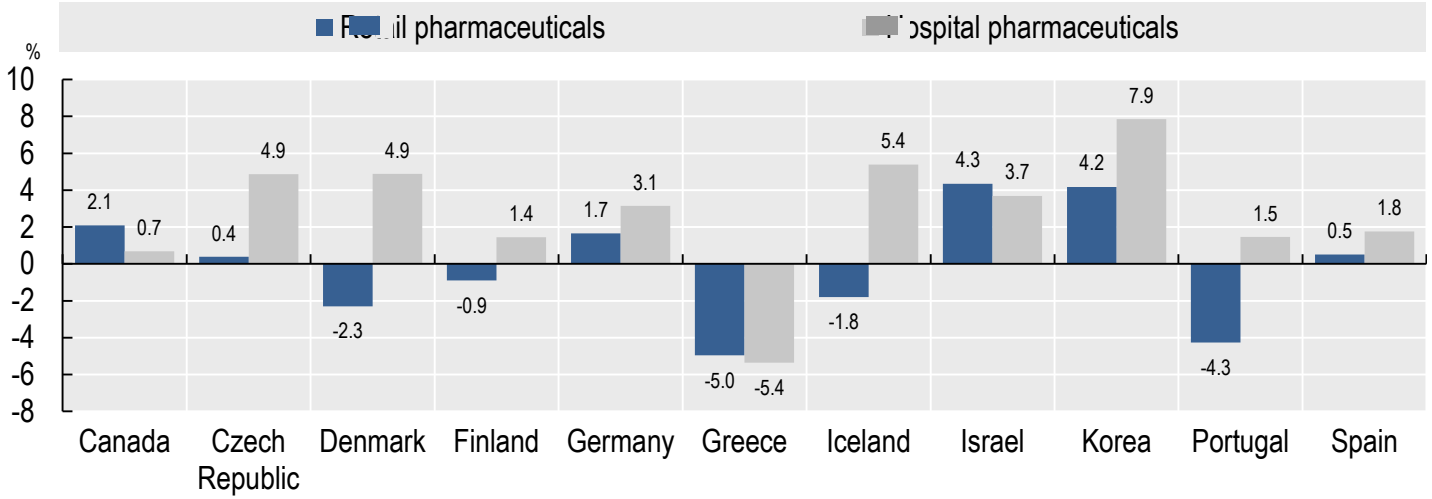
Notes: Retail pharmaceutical expenditure includes medical non-durables. * latest year available 2016; ** 2014; *** first year available 2010.
Source: OECD Health Statistics 2019.

Sustainability: Pharmaceutical expenditures in hospitals increasing faster in several countries

Total pharmaceutical pharmaceutical expenditure, as share of GDP, in 2017



Average annual growth 2007-2017



Total pharmaceutical expenditure not reported by all OECD countries

Hospital pharmaceutical expenditure account for 6% to 44% of total pharma expenditures

And is growing faster than retail pharmaceutical expenditures in many countries

Guiding principles to develop policy options to respond to challenges

- Overall objective: increase value (efficiency) of spending on pharmaceuticals
- Maintain differential (or tiered) pricing.
- Implement a rule-based, predictable, system.
- Foster competition throughout the pharmaceutical system in order to improve the value of pharmaceutical spending
- Increase transparency to restore trust in the system.

Policy options to respond to current challenges

Restore trust and dialogue between industry and other stakeholders

Reduce the costs of R&D and accelerate market access

Improve efficiency of pharma spending and determine WTP

Develop new types of push and pull incentives

Restoring trust and dialogue between industry and other stakeholders

- **Publishing authoritative information on industry activities and the risks, costs and returns from R&D.**
- **Increasing price transparency in pharmaceutical markets.**
- **Improving horizon scanning activities and encouraging co-operation at regional level.**

Reducing R&D costs, accelerate access

- **Harmonising regulatory requirements, encourage mutual recognition.**

- **Accelerating market access for medicines with significant potential benefit.** Ensure compliance of companies with post-marketing evidence requirements and appropriate patient information.

Reduction in R&D costs is necessary but will not automatically translate in price reductions

Increasing pharma spending efficiency

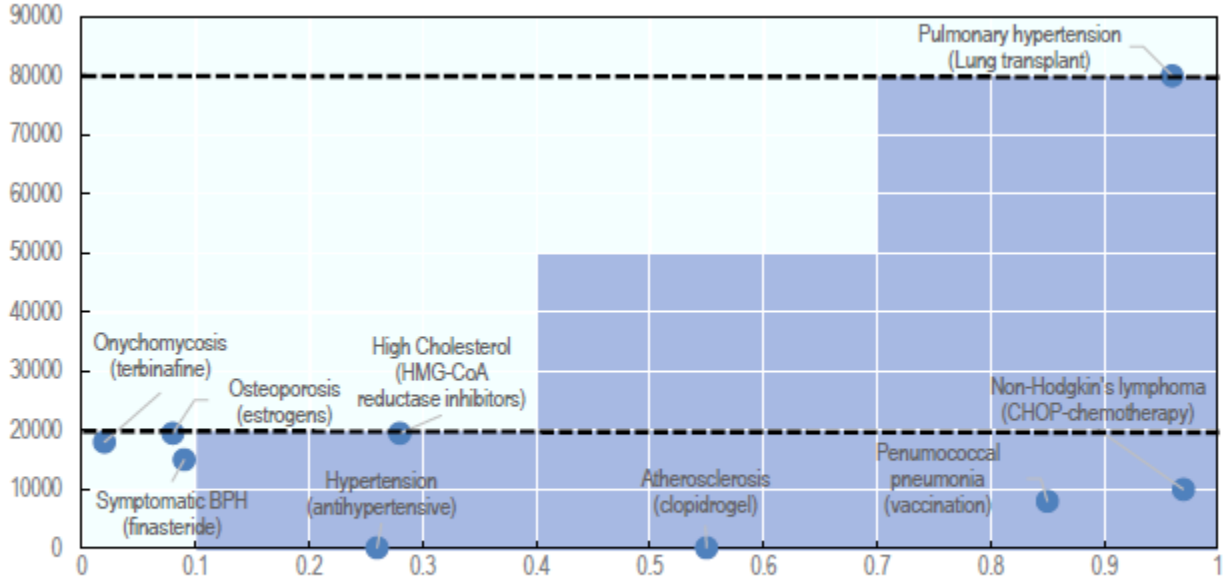
- Facilitating cooperation in health technology assessment (HTA).
- Encouraging cooperation in price negotiations, contracting or procurement.
- **Determining willingness to pay for new treatments**
- Assessing the performance of medicines in routine clinical practice and adjust coverage conditions and prices.
- **Optimising the use of performance-based agreements**
- Promoting competition in on-patent markets, notably through tendering by indication.
- Promoting competition in off-patent markets: **accelerate generic market entry**
- (Exploring bundled payments for episodes of care in oncology.

Determining willingness to pay for new treatments

Defining consensual, explicit and firm criteria for coverage and pricing.

- Fair and transparent decision-making process
- WTP may differ across therapeutic areas and across countries
- Consider clinical value, severity, budget impact.

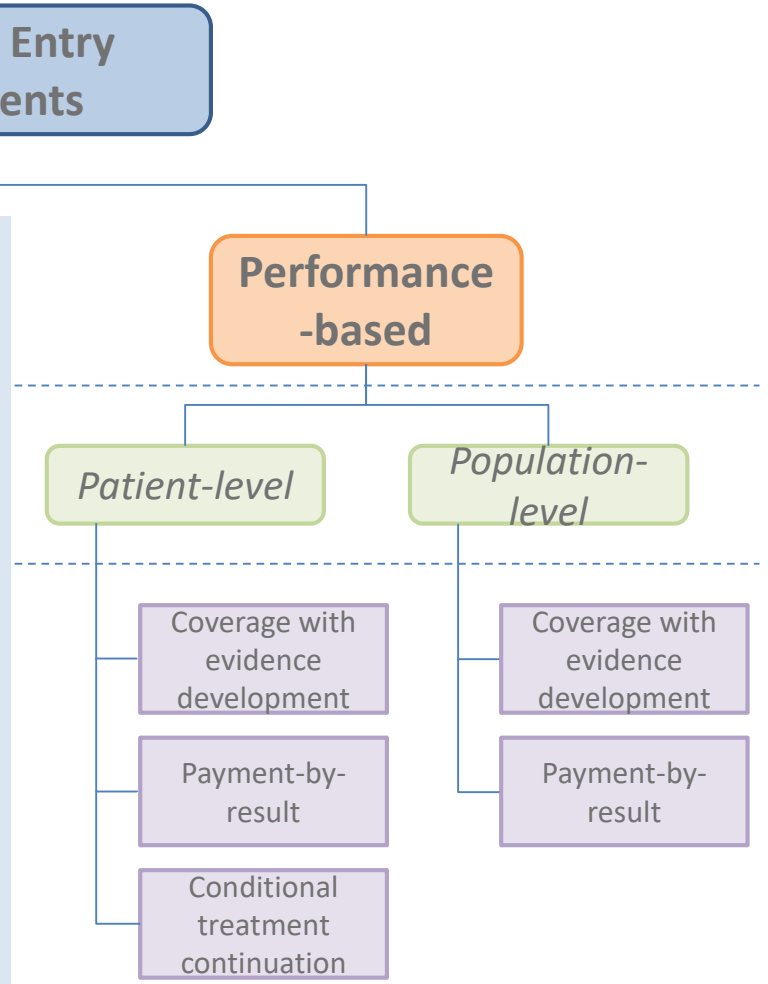
Example of differential ICER thresholds for severity



Note: X-axis represents the burden of disease expressed as "proportional shortfalls".
Source: Adapted from Stolk et al., 2004) and Zwaap et al. (2015).

Optimising the use of performance-based agreements

- Limit to products with high uncertainty on clinical benefits or cost-effectiveness;
- Harmonise outcomes definition and measurement
- Make sure new knowledge is shared beyond parties to the agreement
- Better design agreements to create incentives for manufacturers to generate new knowledge



Developing and adjusting pull and push incentives to encourage innovations in areas with unmet needs

- **Better targeting push incentives** to the development of unmet medical needs and attach access conditions to public funding of development.
- **Continue to explore market entry rewards** (pull incentives) to encourage R&D for unmet medical needs.
- **Consider amending orphan drug legislation.** To better target drugs whose development would not occur without such incentives

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