IMPACT OF INTERNATIONAL AND THERAPEUTIC REFERENCING ON PRICES AND LAUNCH OPTIMIZATION

Parvez Hakim1, Jeffrey Weiss1, Ravi Degun1, Mark Chalmers1, Johan Kjeldgaard-Pedersen2, Mig Sleeper3
1Navigant Consulting (Life Science Practice), London, United Kingdom; 2data2impact, Copenhagen, Denmark; 3Asara Consulting, Surrey, United Kingdom

INTRODUCTION

- Majority of established pharmaceutical markets use pricing rules that reference products both across (international reference pricing: IRP) and within (therapeutic reference pricing: TRP) country lines.
- Some markets, such as the UK, currently use no IRP mechanisms and freely price therapies.
- IRP and TRP are used as effective measures to control price of pharmaceutical products. However, understanding the impact on a global level is considered highly complex, due to each market using different legislations and mechanisms.
- There is a growing need to better understand the impact of IRP and TRP on the decay of pharmaceutical drug prices and their effects on launch pricing and sequencing across multiple markets.

FORMAL REFERENCING (EU15)

- Using a dynamic launch map, the model provides an optimized price and launch sequence of a given pharmaceutical product.
- The outputs of the model include impact to volume, price and revenue as well as parallel trade.
- Within a set window, the launch and reimbursement dates were optimized based on a divergent set of rules and country baskets that can differ from manufacturers expected launch prices and sequences.
- While manufacturers are often able to secure higher price for therapies in free-price markets, the model clearly demonstrates the spill-over impact of referencing (both formally and informally) across countries and within therapeutic groups.

CONCLUSIONS

- Previously, launch sequences were optimized based on the implications on major markets.
- However, an expansive model looking at large number of markets that employ varying IRP and TRP rules will assist manufacturers in identifying an optimized price and launch sequence strategy.

navigant.com

Presented at: 2014 ISPOR 17th Annual European Congress, November 9-12, Amsterdam, The Netherlands