Insights into the Evolving Pricing & Market Access Environment

UBC Global Market Access Survey
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UBC’s Global Market Access Survey: Setting the Stage
For those involved in biopharmaceutical development and delivery, commercial success requires an understanding of the payer perspective and context, including the important issues driving policy, reimbursement, and coverage decisions.

To gain insight into these issues, UBC designed and conducted an independent survey of 152 payers and other market access stakeholders in Brazil, China, France, Germany, Italy, Spain, the UK, and the U.S. Respondents included national, regional, and local level decision makers, policy makers, and budget holders, as well as senior market access executives within the pharmaceutical industry.

The intent of this survey was to explore payer views on the funding and delivery of healthcare and, in particular, how these views relate to biopharmaceutical evaluations. We also investigated how these views might change over the next three to five years, and assessed market variations in the external outlook compared with that of the industry itself.

With the information gained from the survey now in hand, it is UBC’s goal to help those involved in the development and delivery of biopharmaceuticals to understand the various challenges of the market so that developers might better meet the needs of those in the payer environment.
The Forces Currently Shaping Healthcare

As the world grows smaller and interdependencies continue to increase, greater influences can be expected to press themselves upon the healthcare industry.

For instance, the macroeconomic environment is now exerting considerable pressure on the industry, and will continue to do so in the foreseeable future. With the exception of China, which is now focusing on simply improving basic healthcare, clinical and technological advances will be major contributors to rising costs. Politics is expected to play an ever-increasing role in managing the cost and quality of healthcare, especially in the U.S. where politicization ranks first for both current and future levels of interest.

What can be done?

- **Macroeconomic pressures**: A clear understanding of potential implications at the national, regional, and local levels can be identified.

- **Rising costs of clinical and technological advances**: Potential barriers to access, including additional data requirements, can be addressed. (Payer concerns about the rapid pace of new product launches could result in barriers to adoption.)

- **Politicization of healthcare**: Based on honest and open discussions with payers and other stakeholders, the impact of political uncertainties through careful scenario planning can be mitigated.

- **Challenges of shifting demographics**: Drivers of demographic changes, how payers plan to respond, and any potential opportunities therein can be investigated.
Improving Budget Control and Overall Care

Expenditures on healthcare will continue to rise, and payers must be ready to control costs while improving overall care in spite of pressures to do otherwise.

Here are some key findings along with their implications:

We see that the financial investment in healthcare is expected to increase except in the 5EU (France, Germany, Italy, Spain, UK), so it is important to know how European payers will respond to shrinking budgets. At the same time, while there will be a trending toward greater restrictions on access to healthcare in all markets except China, the trend will be most dramatic in the 5EU. It is vital to anticipate what the coming restrictions will look like in order to formulate the means to overcome them.

In addition to increased restrictions on access to healthcare, patients will be expected to pay a greater share of its cost (again, the exception is China), so insights must be gained into the specific mechanisms and implications of patient contributions in each market.

Earlier identification and treatment of patients will be targeted in all markets. Since this could reduce costs, developing and identifying health economic data to support the approach should be considered. And since control of pharmaceutical expenditures will be a priority for payers in all markets, industry should endeavour to gain insight into payer strategies at the national, regional, and local levels.

Finally, payers will see a big increase in health promotional activities that will not be supported and funded by industry. Because education is a key tool for lowering costs, an understanding of the value of these activities and their role and impact must be built.
Trends in Pricing, Reimbursement, and the Demonstration of Value

In recent years, a number of key trends in the payer landscape have emerged, including innovative approaches to P&R and increased emphasis on value demonstration and additional evidence.

The most significant trends are:

1. The biggest moves toward value-based pricing (VBP) are expected in the 5EU.  
   - Industry must develop a clear understanding of how VBP will be defined in each market, and how it will be linked to access and uptake.

2. There is no clear consensus on the future role of health economics. (The majority of payers see health economic data as having an important impact on the efficiency of healthcare, but this view is not shared by the industry.)  
   - The discrepancy should be investigated further to tease out its nature and implications.

3. There is also a considerable variation in the perceived reliability of the health economic data. (Again, industry seems to take a more negative view than payers.)  
   - A true perception must be gained (within the local context) of the nature of the concerns.  
   - Perceived reliability is likely to increase with greater transparency and collaboration.

4. The growing importance of comparative effectiveness evaluations is widely recognized.  
   - A detailed analysis of payer methodologies and comparator selection should be taken to ensure that assets meet future data requirements.

5. Real-world evidence will become increasingly important in value demonstration.  
   - Tools and strategies must be identified for real-world evidence generation. Companies must also undertake studies to understand payer expectations around data generation and how data will be used (e.g., to support outcomes-based payments).
Additional Trends and Developments

As new technologies and developments occur in the healthcare industry, they too have an effect on market access strategies and positions.

Some additional perspectives from the survey regarding these developments are listed below:

**Outcomes-based payments**  The survey results clearly show that outcomes-based payments are attractive to payers (most notably within the 5EU). There are, however, feasibility issues, which means that risk-sharing will remain an important strategy to accelerate access (particularly in European markets), but the biopharmaceutical industry will need to address any concerns around the administration burden.

**Price/volume agreements**  By contrast, price/volume agreements are both appealing and feasible for both the payer environment and the industry, so these agreements will continue to be important tools for ensuring appropriate use and managing budget impact.

**Capitation system**  It should be noted that attitudes toward a cost cap (or capitation system) for the funding of pharmaceuticals were neutral. The industry, rather than payers, would drive the process, but interest appears to be limited.

**Orphan drugs**  While the majority expects orphan drugs to remain a protected area, there is a shift in payer attitudes in Brazil and the 5EU due to the growing number of orphan drugs in development and concerns around creep into non-orphan indications. Any changes from a pricing & reimbursement perspective could have a profound impact on the commercial potential of any orphan drugs in development, and this area should be monitored closely.

**Biosimilars**  Payers are looking to ease budget pressures with the use of biosimilars, however, there are hurdles to overcome, including regulatory issues, proof of equivalence, and quality concerns. It will be critical to build a clear understanding of the nature of these hurdles within each market.

**Personalized medicine**  Payers expect to see significant progress in personalized medicine within three to five years, however, there is heterogeneity in the understanding of the term from the payer and industry perspectives. Industry will need to gain insight into payers’ understanding of personalized medicine to appropriately meet expectations for market access.

**Priority diseases**  There is good alignment between payers and industry on priority disease areas, including Alzheimer’s disease, oncology, and stroke. These present attractive commercial targets where payers have indicated a willingness to pay for new, effective treatments.
Payers consider that less than half of recent drug launches represent sufficient value for money, indicating a gap between industry and payers on perception of value. Industry needs to work more closely with payers to understand the drivers of value and address the payer perspectives earlier in product development.

UBC’s Global Market Access Survey will continue to provide valuable insights into the current market position, as well as the direction of trends, and information on the important issues that will shape the market in the coming years.

All of this impacts how companies need to prepare and commercialize products in development. There is an opportunity and a need to examine many of these areas of concern in greater detail.

To discuss supplementary studies or the full survey report, please contact Robert Hollamby at:
evidence@unitedbiosource.com
Phone: +44 (0) 20 8877 2323

UBC Global Market Access Consulting is a leading, independent consultancy specializing in global pricing, reimbursement, and market access strategy for biopharmaceuticals, devices and diagnostics. Our broad range of offerings includes global payer research, strategic planning, global value dossiers, innovative workshops on payer negotiations, tendering, and contracting, and a dedicated emerging markets practice. Our capabilities are underpinned by an unrivalled network of approximately 2,000 high-level payer and advisor contacts covering 50 markets. This, along with a track record of more than 1,250 consultancy projects and 150 global value dossiers, ensures a deep understanding of payer systems and market access dynamics. This ensures we can confidently provide the full spectrum of pricing and market access support throughout the product lifecycle from early development to patent expiry.

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