INTRODUCTION

- The ex-factory prices of pharmaceutical drug interventions in the United States are greater than those in Europe and the rest of the world, with instances of U.S. price differences exceeding 200–250%.
- The majority of established pharmaceutical markets use pricing rules that reference products both across IRP (International Reference Pricing) and within TRP (Therapeutic Reference Pricing) country-lines, as effective measures to control the price of pharmaceutical products.
- The U.S. is the only developed market that does not employ the use of IRP to control pricing; moreover, the House of Representatives investigative panel is mounting continuous pressure on manufacturers to review the rising cost of prescription drugs and associated cost to patients.
- Given countries across Europe have been successful at employing IRP to control their prices, a similar approach may be useful for the USA, with a potential to limit parallel trade between neighboring markets.

METHODOLOGY

Prices by markets were obtained using aggregated sales and volume data across respiratory products using IMS MIDAS, applying a weighted average.

RESULTS

SCENARIO 1 (FIGURE 1)

USA reference high GDP markets consisting of higher-priced pharmaceutical markets. Scenario results in deficit of price at 33% at first referring time point (Figure A), with price decline over a 10 year period.

SCENARIO 2 (FIGURE 2)

Referencing top GDP markets will both limit parallel trade as illustrated by percent revenue decline over a 10 year period (Figure A). This will help disincentivize parallel trade throughout the EU. Additional price decline further limits parallel trade revenue in the U.S.

CONCLUSIONS

- The U.S. price evolutions follow a unique trend vs. other markets, as it allows for price increases on a semi-annual/annual basis.
- Navigant utilizes its PROFIEL model (Pricing and Revenue Optimization For International Launch Excellence) was used to simulate the impact of IRP to quantitatively assess the impact of introduction of U.S. referencing with respect to other global markets.
- Respiratory products were analyzed as a class to prevent a biased analysis towards particular manufacturer assessing impact of U.S. reference baselines including:
  1. Average of top 5 Domestic Gross Domestic Product (GDP) ex U.S. (China, France, Germany, Japan, United Kingdom)
  2. Average of neighboring markets (Canada, Mexico)

Figure A: Aggregated 10 year PTW price evolution by IRP referencing scenario


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