Should Launch Prices Be Based on the Value of New Therapies?

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Yes.
Potential Elements in Determining a “Reasonable” Launch Price for Pharmaceuticals

• Costs of development and/or production plus “reasonable” profit
  • Potential for negative effects if applied to all new drugs
  • Often considered for older generic drugs without barrier to entry

• Budget impact for drugs affecting large populations
  • Public health opportunities
  • Cost-plus or other mechanisms sometimes considered

• Added “value” to patients and health systems
  • More apt for new drugs with limited or no competition
  • Cost-effectiveness analysis is the accepted approach in the US and abroad
Tension between population value and individual value(s)

• Cost-effectiveness analysis (CEA) takes health system or societal perspective
• Value frameworks based on CEA meant to inform population decision-making
• Patient-centered value frameworks aid patient-physician, can be applied to existing frameworks, support public health care programs, and internal strategic analyses decision-making
• CEA can’t and doesn’t capture everything
  • Often limited data at launch on patient-centered outcomes
  • Important outcomes may take years to see – surrogate outcomes
  • Role for real-world evidence in value assessment
Discussion

• How should policymakers reconcile population-level and individual-level determinations of value?
• How should both impact a discussion of a “fair” launch price?
• What elements of value should be included in determining launch prices?
• How can we improve the data available at launch to ensure a true picture of value is captured?
• Which stakeholders should be involved in price determinations and discussions?
• What is the purpose of a launch price?
• Are there alternatives to CEA? Cost-benefit analysis? Cost-consequences?