

## Innovative pharmaceutical pricing agreements preferable to discounts, according to new European payer survey

- A survey of payers from across Europe has found 85% find that innovative agreements more attractive than a discount<sup>1</sup>
- Payers are supportive of the potential demonstrated by innovative agreements, with 80.3% having a positive view<sup>2</sup>
- 95% expect innovative pricing agreements to either increase or remain the same in the next five years<sup>3</sup>

**Cambridge, 17 August 2018** – Innovative payment schemes should be a high priority for European governments, pharmaceutical industry and health systems according to analysis of the latest survey of payers from across the EU5 markets. The survey, published in Health Policy Journal finds that innovative pricing agreements that more effectively manage uncertainty or offer a greater reduction in total cost are preferred to a simple discount and that the number of schemes is expected to rise over the next 5 years.

Innovative pricing agreements, otherwise known as ‘managed entry agreements’, are designed to help both payers and pharmaceutical companies align on value, optimise speed for patients and share risk. The establishment of criteria (such as clinical outcomes vs. the comparator) aims to mitigate uncertainty about efficacy and value of a new medicine outside the clinical trial setting.

The survey of 66 payers from across hospital pharmacies and regional or healthcare payer organisations in Europe, which was commissioned by Mundipharma, indicated payers across the continent found innovative agreements preferable to a simple discount (i.e. a reduction in the cost of acquiring a medicine) under specific circumstances, such as offering a greater reduction in total cost or more effectively managing uncertainty. This was relatively consistent across each surveyed country (France, Germany, Italy, Spain and the UK).

European payers responded positively to innovative pricing agreements, with 80.3% taking a positive view<sup>4</sup>. Two primary benefits of the agreements listed by payers were their role in

improving management of healthcare budgets by increasing certainty over future expenditure (30%) and helping pharmaceutical companies find common ground when valuing medicines (27%).

Following the publication of the report, Alexandra Staufer, Specialty Care Launch Lead, Mundipharma and co-writer of the report commented, “Providing timely access to medicines, while demonstrating value and meeting the needs of local health systems is a complicated process but one that we need to get right for patients. *It is our duty to continue developing and refining managed access agreements, so that we can bring benefit to healthcare providers and patients alike*”

The survey demonstrates that a “one-size” fits all model is not appropriate for managed entry agreements. Instead the agreements need to be tailored towards both the health system, and the payer. The process for negotiating agreements varies depending on the structure of the health system itself. The survey revealed that regional payers in Spain and Germany were more likely to be involved in negotiating agreements than those in France, Italy or the UK.

Importantly, pharmaceutical companies and payers must tailor each agreement to deliver value for the particular medicine and meet the specific needs of the payer.

A key conclusion reached by the report’s findings is the necessity for payers and manufacturers to at least maintain their capacity to negotiate and operate innovative agreements<sup>5</sup>. As payers expect their use to either remain the same or increase in the coming years, therefore it recommends having capacity to agree suitable agreements will be crucial; particularly as agreements are often a time-consuming process that need to be tailored to payer preferences and the requirements of individual healthcare system structures.

#### **Notes to editors:**

#### **About the Mundipharma network**

The Mundipharma global network of privately-owned independent associated companies was founded in 1956 by doctors, has a presence in over 120 countries worldwide. We are focused on developing business partnerships to identify and accelerate patient access to medicines



across specialist driven primary (respiratory, diabetes) and secondary care (biosimilars, pain and oncology) platforms.

Consistent with our entrepreneurial heritage, we like to think we see what others don't by challenging conventional wisdom and asking different and challenging questions. By working in partnership with all our stakeholders, the Mundipharma network develops medicines that create value for patients, payers and wider healthcare systems.

For more information please visit: [www.mundipharma.com](http://www.mundipharma.com) or contact:

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## References:

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<sup>1</sup> Dunlop WCN, et al. Innovative pharmaceutical pricing agreements in five European markets: A survey of stakeholder attitudes and experience. Health Policy (2018), <https://doi.org/10.1016/j.healthpol.2018.02.008> p:3

<sup>2</sup> Dunlop WCN, et al. Innovative pharmaceutical pricing agreements in five European markets: A survey of stakeholder attitudes and experience. Health Policy (2018), <https://doi.org/10.1016/j.healthpol.2018.02.008> p:3

<sup>3</sup> Dunlop WCN, et al. Innovative pharmaceutical pricing agreements in five European markets: A survey of stakeholder attitudes and experience. Health Policy (2018), <https://doi.org/10.1016/j.healthpol.2018.02.008> p:1

<sup>4</sup> Dunlop WCN, et al. Innovative pharmaceutical pricing agreements in five European markets: A survey of stakeholder attitudes and experience. Health Policy (2018), <https://doi.org/10.1016/j.healthpol.2018.02.008> p:3

<sup>5</sup> Dunlop WCN, et al. Innovative pharmaceutical pricing agreements in five European markets: A survey of stakeholder attitudes and experience. Health Policy (2018), <https://doi.org/10.1016/j.healthpol.2018.02.008> p:4