

Transparency and fair pricing of pharmaceuticals

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An industry perspective on transparency



In what circumstances would greater transparency of prices help achieve fair prices...and where would it get in the way?

Is greater transparency of R&D costs desirable and practically achievable?

What is the industry's perspective on how to achieve fair prices and more equitable access?

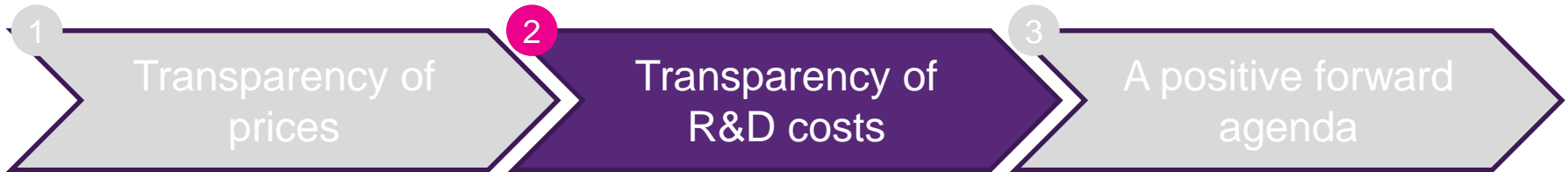
Important to consider where transparency would help and where it would hinder fair pricing



- Transparency of pricing and reimbursement **processes** should be a priority for all health systems. Can help with competition (increasing bidders) and in some cases reducing corruption
- Increased transparency of **generics** prices could have positive pro-competition effects, however risk of potential anti-competitive effects through collusion needs to be carefully considered
- For **on-patent medicines**, increasing transparency of net prices would lead to price convergence undermining access to medicines in poorer countries by preventing differential pricing

*“The biggest single problem is the possibility that some HICs and higher income MICs will seek to exploit price transparency by insisting on paying the prices offered to poorer population groups.”**

Pricing based on R&D costs would create perverse incentives and not be practically achievable



Desirable?

- Creates perverse incentives by rewarding inefficiency in development rather than value to patients
- Other approaches that focus on manufacturing cost alone ignore the need for any R&D – would close off future innovation
- By ignoring pipeline attrition (failures), calls for pricing based on R&D fail to take account of how the innovation process works

Achievable?

- Not practically possible to identify specific R&D costs per product (and certainly not per product per country)
- Any cost allocation decisions highly contestable – do we want to debate accounting or clinical value?

Industry supports efforts to improve access through enabling value-based differential pricing



- Industry thinks it makes more sense to scrutinise and debate the clinical data on how well a medicine works, not what it has cost to develop. **We support value-based approaches**
- More equitable access can be achieved through **removing policy barriers to differential pricing** and ensuring that complementary infrastructural investments are made to help health systems develop
- We strongly support improved **transparency in procurement processes**, but price transparency in on-patent medicines would harm, not help, patient access.
- **Industry is making great strides in improving transparency** in many areas of our industry, e.g. PATINFORMED and significant progress in improving the transparency of clinical trial data