

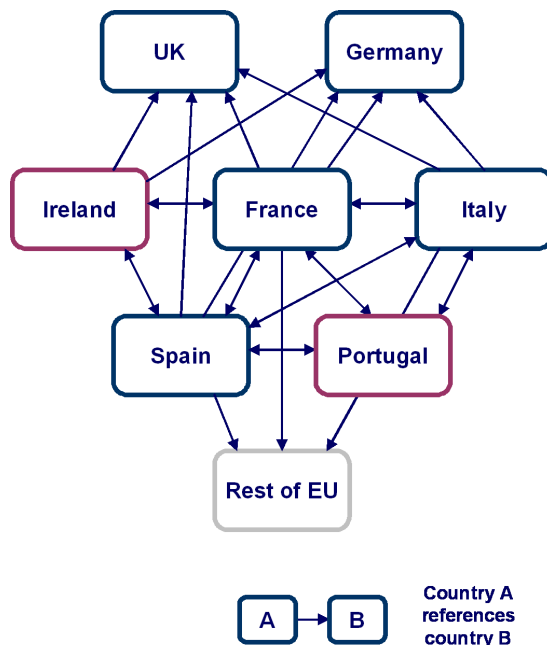
BUSINESS INSIGHTS

Pharmaceutical Pricing and Reimbursement

Strategies for market access across the US, Europe, Japan
and other key geographies

New Healthcare Report - Published November 2007

External reference pricing in Europe, 2007



Business Insights

“The optimization of pharmaceutical prices must extend beyond a market-by-market approach and involve a comprehensive understanding of prevailing interactions between country prices. Product managers can no longer work in isolation, but must collaborate to understand the impact of pricing in one country upon other markets...”

Use this new report to align your pricing strategies with the latest reimbursement developments in major markets and optimise returns throughout the lifecycles of your drugs...

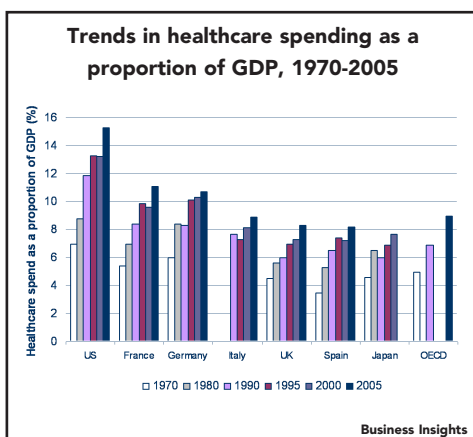
Business Intelligence for the Pharmaceutical Industry

Business Insights' portfolio of healthcare management reports are designed to help you make well informed and timely business decisions. We understand the problems facing today's pharmaceutical and healthcare executives when trying to drive your business forward, and appreciate the importance of accurate, up-to-date, incisive product, market and company analysis. We help you to crystallize your business decisions.

The **strength of our healthcare research and analysis** is derived from access to unparalleled databases and libraries of information and the use of proprietary analytic techniques. Business Insights reports are authored by independent experts and contain findings garnered from dedicated primary research. Our authors' leading positions secure them access to interview key executives and to establish which issues will be of greatest strategic significance for the industry.

Our healthcare portfolio of reports can be used across a wide range of business functions to assess market conditions and devise future strategy. Our reports cover key areas including **strategy, industry analysis, market outlook, new business opportunities** and **strategic insight**.

Some key findings from this report...



"The recent growth in health expenditure has been, in part, a deliberate policy in some countries. For example, the UK and Canada realized that cost containment during the mid-1990s had strained their healthcare systems. However, all governments are under continuous pressure to reconcile economic and health concerns, with public funds continuing to contribute the bulk of health spending in most countries..."

- **The annual increase in per capita healthcare spend was more than double that of overall economic growth per capita between 1990 and 2005**, according to 2007 data from the Organization for Economic Co-operation and Development (OECD).
- **Medicare Part D benefits will include wider drug access, improved compliance and increased utilization**, based upon the best-case pricing scenario for US pharma companies. Volumes of effective drugs would be expected to increase in line with the widened coverage.
- **Europe's most likely pricing scenario will see pharmacoeconomics, parallel trade and generic substitution gradually increase their impact.** These measures will continue to play an important role in healthcare spend management for all European Governments
- **Japan's price setting will become more complex over the next five years** due to the addition of health economic data and generic substitution regulations to the current reference pricing system.
- **Lifecycle pricing strategies are dominated by product launches and patent expiry events.** Launch pricing can facilitate optimal price and reimbursement coverage, while patent expiry strategies involve brand value maximisation in response to low-priced generics.

For more information,
please call Maureen Croce at 800/639-0515
Fax: 781/639-0529
email: mcroce@hcpro.com

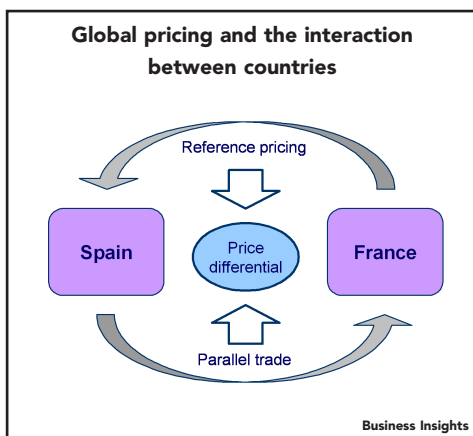
Pharmaceutical pricing and reimbursement

The global pharmaceutical pricing and reimbursement environment is notoriously complex and continuously changing. Global issues include ongoing assessments of generic substitution, health economic evaluations and parallel imports on pricing, which are themselves influenced by geographically localized pricing trends such as Medicare reform in the US, NHI price cuts in Japan and European reference pricing. Pharma companies must implement strategic pricing assessments across global markets and product lifecycle phases in order to develop effective pricing policies. By incorporating such assessments into portfolio evaluations and lifecycle planning, companies can enhance their understanding of potential price profiles for individual drugs and optimise future returns.

Pharmaceutical pricing and reimbursement is a new report published by Business Insights that examines the tactical importance of price optimization throughout the product lifecycle. The key issues affecting pricing and reimbursement disciplines are identified and the market environments of individual countries are explored and assessed. This report will also detail the global and lifecycle pricing strategies of new and established drugs, including actionable recommendations and detailed case studies, and provide forecasts for future pricing scenarios in major markets.

Develop effective pricing strategies based upon this report's unique market forecasts for future pricing scenarios in key markets and understand the major issues affecting the global pricing landscape...

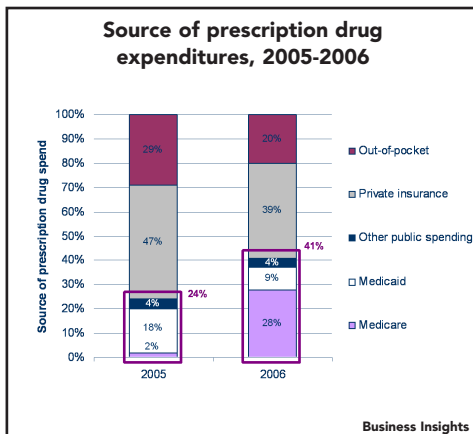
Top five reasons to order your copy today



"Using the example of just two countries, France and Spain, the impact of pricing in one country on pricing in another country can be shown. Prices in Spain are generally amongst the lowest in Europe. However, France references the prices of Spain, amongst other countries, in order to determine prices. Therefore, in order to be reimbursed the price differential must be minimized..."

- **Anticipate shifts in the global pricing environment** with this report's unique forecasts of the best-case, worst case and most likely pricing scenarios for major countries.
- **Improve your price optimization strategies** by assessing the impacts of pharmacoeconomic evaluations, parallel trade and reimportation, and generic substitution across key countries.
- **Co-ordinate your reimbursement policies more effectively across global markets** by evaluating the latest pricing developments in the markets of **Japan, France, Germany, Italy, Spain, Canada, Australia, China, the US and the UK.**
- **Develop optimal global pricing strategies throughout the lifecycles of your leading drugs** by examining key considerations during the phases of launch, patent protection and patent expiry.
- **Benchmark the pricing tactics of leading companies** with this report's range of successful case studies for a variety of drugs and pricing environments.

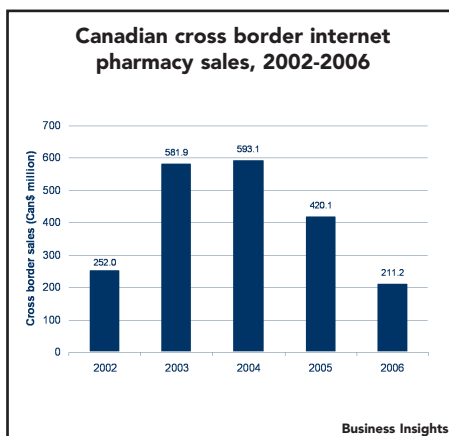
Key issues examined in this report...



"Healthcare spend is set to increase from 16% to 20% of GDP in the US over the next ten years and significant pressure is building on Medicare drug prices. House bill 'HR 4: Medicare Prescription Drug Price Negotiation Act of 2007' is looking to replace private plan price negotiations with direct government intervention for Part D drugs..."

- **Medicare Part D.** Doubts have been raised over whether the wider access and coverage associated with Part D drug benefits will outweigh the potential increases in negotiating power for centralized government agencies.
- **US re-importation.** The re-importation of drugs from Canada to the US has caused friction amongst states, creating a divide between those who support drug availability in online pharmacies and those who oppose such measures. An eventual legislative resolution is unlikely to support bulk re-importation.
- **EU accession.** Although the accession of 10 new countries has lowered EU reference prices and increased the future potential of parallel imports and generic competition, inward importation from accession countries is likely to protect the EU-15 from major impact.
- **Global target pricing.** International reference pricing and parallel trade have led to calls for launching key drugs with a common international price. However, optimizing launch sequences with varying prices remains the current strategy of preference.

Your questions answered...



"Canadian cross border internet pharmacy sales have been in decline since 2004, largely as a result of changes in relative exchange rates. However, continued decline in 2006 was also aided by the introduction of Medicare Part D drug benefits, which provide seniors (the most prolific re-importers) with comprehensive coverage, but does not cover purchases from sources outside the US..."

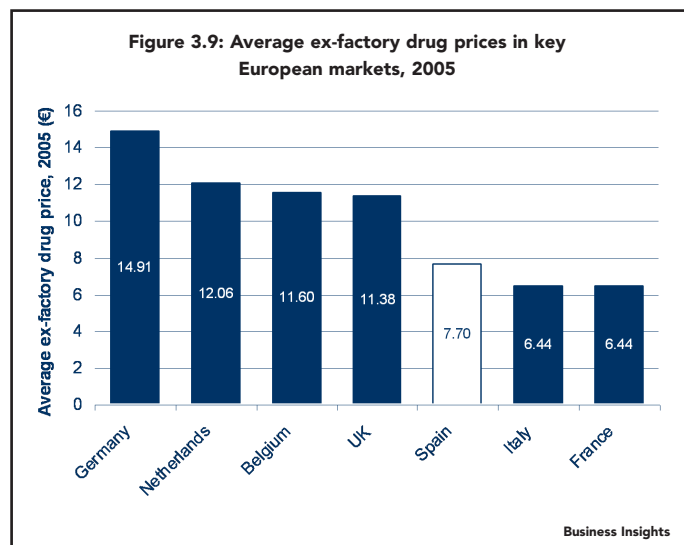
- What are the most influential issues currently affecting pricing and reimbursement policies?
- How will the pricing environments of major pharma markets develop over the next five years?
- Will the benefits of enhanced drug accessibility overcome safety and quality concerns in the debate over Canadian re-importations?
- How will widened EU membership continue to influence reference prices, parallel imports and generic competition in the EU-15?
- To what extent will the introduction of Medicare Part D reforms affect drug prices for seniors in the US?
- How can the application of global pricing strategies help to maximize returns throughout each phase of the product lifecycle?

Sample Information: 'Pharmaceutical pricing and reimbursement'

Chapter 3: Pricing and reimbursement in Europe; Spain

State of the industry

The Spanish pharmaceutical industry association (Farmaindustria) reported that Spanish pharmaceutical sales increased by 7.3% to €12.2 billion in 2006. Retail prescription pharmacy sales increased by just 6.7% to €8.9 billion in 2006, feeling the effects of a 2% across-the-board price cut imposed in 2006. Generics represented just 6.1% of total prescription drug sales in 2006, with new generic products accounting for 75% of all new drug launches in 2006. The weighted average drug price for all drugs marketed in Spain was €7.91 in 2006. European prices continue to harmonize, but as shown in Figure 3.9, average drug prices in Spain continue to be almost half those found in Europe's biggest pharmaceutical market, Germany.



Regional cost-containment

Following decentralization of the Spanish healthcare system in 2002, the regions have become increasingly active in initiating demand-side measures to reduce healthcare expenditures. Prescribing budgets in Andalusia involve rewards for physicians if INN prescriptions (non-proprietary name prescriptions facilitating generic substitution) account for over 60% of total prescriptions. Andalusia, Catalonia and Pais Vasco have joined together to form the Joint Committee for the Evaluation of New Medicines aimed at sharing data on perceived benefits for new drugs. Maximum reimbursement prices below those in place at the national level have historically been used as an effective cost containment mechanism at the regional level. However, the implementation of the modified reference price system in March 2007 has led to regional maximum price reimbursement schemes being withdrawn. The new reference price system involves substitution based on an identical product at the cheapest price and not the second or third generic in a reference group used by regional maximum price schemes.

Modified reference price system

A modified reference pricing system has come into force in March 2007. The reference price system, which dates back to 2000, now covers a total of 4,237 drug presentations applicable to 119 active ingredients. Products continue to be grouped by active ingredient and route of administration with each group containing at least one generic version. The reference price level will continue to be based on the arithmetic mean of the daily treatment cost of the three cheapest drugs regardless of market share.

Order this report today to find out more...

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