

US Healthcare Reform: Impact and Implications for the Pharmaceutical and Biotech Industries

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Abstracts

Millions of Americans protested it, conservative pundits howled in outrage and lobbyists worked feverishly behind closed doors to stop it. But in the end, on March 30, 2010, President Obama's nascent and highly contested Patient Protection and Affordable Care Act of 2010 leapt its last hurdle and became law.

The legislation and its sister document, Health Care and Education Reconciliation Act of 2010, are destined to make history, overturning decades of healthcare provisions and traditions to create better universal access to medical care, drugs and support services. Covering 2400 pages and ten major areas of concern, the reform package promises to touch on every single area of the healthcare and life sciences industries. At the heart of that are specific changes to the way Americans will be prescribed, pay for and understand drugs. Some provisions such as the Medicaid drug price rebate will begin immediately; others such as the 'donut hole' provisions and annual excise tax kick-in will commence within a year.

What does that mean for the pharmaceutical and biotech industries? In a word, plenty.

Pundits predict the industry will be challenged to finance the initial costs of drug reform since an increase in revenue from an estimated 32 million newly insured Americans won't be seen until at least 2014. Elsewhere, commentators can see both negatives and positives. While Morgan Stanley analysts said the reform package "would depress earnings per share at European pharmaceutical companies by up to two to three percent in 2011," Citigroup analyst Charles Boorady estimates that US drug sales will be four to six percent higher by 2019 as a result of the reforms.

With such diverse opinions, how can the industry connect the dots in a meaningful way?

Insights into the Impact of Healthcare Reform

In FirstWord's compelling new report, the genesis of President Obama's wide-ranging and historic healthcare package is clearly tracked from inception through every move in and out of Congress. Against that backdrop, the dossier reviews the impact on the pharmaceutical and healthcare industries, from the benefits of having a built-in new customer base and tax credits to the drawbacks, such as far more downwardly fluid share prices. Based on reports, articles, interviews and concise analysis, the dossier examines how the Obama reform package will work, how it will affect the industry and how those within the industry are prepared to deal with it.

The report investigates the healthcare reform legislation to assess:

The immediate and long-term impact of US reform on the pharmaceutical and biotech industries

Potential benefits, drawbacks and challenges that still lie ahead

The report

Examines the key points of the reform package as they pertain to the pharmaceutical industry

Reviews the background, US expenditure on healthcare and the genesis of the legislation

Offers point-by-point analysis of the main benefits foreseen by industry leaders

Overviews the impact of the legislation on market share, supported by charts

Summarizes the viewpoints of key opinion leaders in investment, trade associations, pharmaceutical, biotechnical companies and market research

Includes a complete overview of US\$ adjusted closing prices

Key quotes from the report

“Analysts agreed that ‘big pharma’ was among the net winners of the bill because it brings approximately 32 million new insured patients into the system who previously had been unable to afford medicine or treatment.” Daily Telegraph

“Simply put, the bill fails to infuse competition and choice into the healthcare system due to the excessive and unprecedented market exclusivity protections for the brand industry.” Kathleen Jaegar, president of the Generic Pharmaceutical Association

The legislation “is a double-edged” sword for the pharmaceutical industry. “In the short term, discounts and rebates as well as the industry fees will lead to a market dip. However, from 2015, these negative factors will be offset as revenues start to rise due to the number of newly-insured individuals”. Datamonitor News and comment

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