

# The Cost of Specialty Drugs: Payer perspectives

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## Abstracts

Specialty drugs: Is the strain they are putting on healthcare budgets sustainable?

US and EU healthcare budgets are under immense pressure as the cost of specialty medicines spirals inexorably upwards. This new report provides a unique window into the payers' mindset and answers the fundamental questions. How are healthcare-budget gatekeepers managing today? What do they want/need from manufacturers? What strategies and trends are emerging? And is the status quo really sustainable?

Get the insight needed to optimise your market access strategy and build a more compelling case for specialty drugs with FirstWord's new report, The Cost of Specialty Drugs: Payer Perspectives. Click here to view the sample pages

Based on in-depth interviews with 8 payers in the US and EU5, this report includes up-to-date views on the differences or similarities in approaches to managing specialty drug costs and the challenges faced by payers today. Read it to understand how the market is responding to rapidly rising specialty drug costs – and assess the potential fallout from these pressures over the next 5-10 years.

"I think you're going to start seeing restrictions, restrictions, restrictions. You definitely are going to start seeing where the providers really need to get involved and start really making some more economic based decisions. There's no way to sustain this growth, there's absolutely no way, from a government perspective, from a prior payer perspective, or from a patient perspective."

US PAYER

## TOP TAKEAWAYS AND KEY QUESTIONS

Rising costs are unsustainable at the current rate: Have US payers reached the tipping point? Are more radical solutions needed? In comparison, are European controls still working well enough for payers? Which single segment do all agree is the most problematic?

Monitoring cost, value and outcomes is an issue: Are drug management costs taken into account in manufacturers' prices? What do payers need to be convinced of the long-term benefits of specialty medicines?

The definition of specialty drugs varies: Determining what constitutes a specialty drug remains complex, particularly in Europe. How well are specialty drug tiers and sub-divisions working in the US and how do alternative approaches function in Europe?

Short-term and long-term strategies under consideration: Is the primary focus on managing existing pharmaceutical budgets within acceptable parameters or are payers now accepting the long-term cost saving arguments around hospitalisation, surgery and care?

Combination products are a concern: With price negotiations for specialty drugs handled separately, payers are experiencing issues with costly combination therapies. Is a new pricing scheme the answer?

## Themes Explored

Will cost-management strategies become more radical over time?

What new plans are being discussed to stop specialty products from overwhelming drug budgets? How do payers view new approaches such as risk-sharing, bundled payments, differential pricing and health technology assessments?

Differences in payer experiences and opinions in the US and Europe

How do payer strategies differ between the US and the EU5 markets, and are there lessons to be learned from each? Legislation versus negotiation: which is winning out in the US and across Europe?

## Making the case for wider and longer term benefits

Are value-based arguments overcoming payer scepticism? Payers continue to discuss the need for real-world evidence and more compelling proof of product superiority. Are they getting the information they need?

### Payers Interviewed for This Report

Pharmacy director at a US managed-care organisation, with 25 years' experience of making formulary-access and utilisation-management decisions in the health-insurance sector.

Head of manufacturer relations at a US health insurer, with 14 years' experience of pharmaceutical contracting and pharmacy-benefit management.

Pharmacy director with 17 years' experience of overseeing access to medicines at a US managed-healthcare company.

Pharmacy director at NHS Trust in England. Directly responsible for purchasing specialist medicines and managing the associated drug budget at large, influential hospital. Also involved nationally in policy decisions on commissioning of specialty medicines and orphan drugs.

Pharmacy director at academic hospital in France and member of Committee on medicinal products and sterile medical devices (Commission du Médicament et des Dispositifs Médicaux Stériles/COMEDIMS). Involved in evaluation and inclusion of new drugs on hospital formulary of hospitals, with focus on oncology products.

Drug-review and budget manager for German statutory health-insurance physicians. Also involved in drug assessment for the G-BA [Gemeinsamer Bundesausschuss/Federal Joint Committee].

National and regional drug-budget manager in Italy. A pricing and reimbursement expert with direct responsibility for purchasing specialist medicines and for developing and administering associated reimbursement schemes.

Drug reviewer for national formulary access in Spain. Expert in pharmacy and health economics who advises the Spanish medicines agency, AEMPS (Agencia Española de Medicamentos y Productos Sanitarios) and the Ministry of Health on managing drug costs.

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FirstWord Reports deliver timely, need-to-know intelligence about your products, your competitors and your markets. Covering biosimilars, market access, medical affairs, sales & marketing, technology and therapy areas, FirstWord Reports provide expert views and intelligence on the challenges facing pharma today.

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