



## Better Value for Money with Value-Based Pricing for Medicines

- **Value-based pricing creates more security for pharmaceutical and biotech industry**

Value-based pricing models for new medicines are beneficial for both the pharmaceutical and biotech industry and the patient health systems on the other hand. This is the conclusion of an expert panel on biotechnology medicines at the European Health Forum Gastein (EHFG) taking place at Bad Hofgastein, Austria, from 1 to 4 October.

“We have a crystal-clear approach to pricing for new medicines,” says Andreas Engström, an expert from the Dental and Pharmaceutical Benefits Agency (TLV) in Sweden, responsible for reviewing reimbursement applications. “We are prepared to pay for the benefits a new medicine brings patients, but we do not pay a single cent extra of the taxpayers’ money if there is no clear evidence that a new drug is an improvement for patients.”

The TLV assesses the effect on patients in terms of quality-adjusted years of life as well as all cost effects that can be expected related to a new drug. “This assessment is the basis for rational and transparent pricing,” says Engström. “The industry is rewarded for the benefits of a new drug, and we avoid excessive pricing as we have a clear view of all potential advantages and disadvantages.

Generally this pricing model is well accepted in the biotech industry, for which the justification of the frequently high costs of newly developed medicines has become a major burden. “Clear pricing rules are perfectly fair and enable us to develop sound business cases for new drugs,” says Thomas Bols of the biotech company Amgen. “We support developing the best value based evidence to ensure access of innovative biotech medicines for the patients who need them.”

After a few years of experience with value-based pricing models in several countries like the UK or Sweden, it turns out that this reimbursement scheme is in many respects more efficient than traditional systems focused entirely on cost comparisons. It incorporates improvement in the quality of life of patients as well as cost effects outside the area of healthcare (for ex. economic effects due to reduced sick leave) and it turns out that the costs are lower in the medium and long term: this is underscored by the fact that the increase in costs for pharmaceuticals in Sweden, where value-related pricing is carried out most systematically, is well below the European average.

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