Pricing

Roche Australia (Pharmaceuticals) policy position

Summary

- The prices of Roche medicines reflect the unmet need, science, patient impact, impact on health systems and society, quality of evidence and the pricing context.
- Roche follows a global pricing band set by our parent company for economically-comparable countries.
- The Australian system for valuing medicines needs to be reformed to better capture the full benefit of innovative therapies when assessing their prices and to ensure that patient access is not compromised.
- Benchmarking Australia's medicines prices to countries with a similar ability-to-pay may give the Government confidence in knowing Australia is getting a fair deal, and allow investment to be prioritised to innovative medicines.

Background

The development process for a new medicine is highly risky; only a small portion of early-stage research makes it into clinical trials involving patients, and of those, only one in five results in an approved medicine[1]. To develop one medicine, it is estimated to cost over AUD 1.9 billion[2]. Pricing of those medicines that make it to market must take into account the costs of research "failures" and allow investment for future success. The value of a medicine has many components and extends to many different stakeholders: including patient outcomes, societal impacts, improvements in efficiency of healthcare delivery such as avoiding unnecessary treatments and procedures, and improving drug administration and compliance in treatment.

Roche position

At Roche, our primary contribution is to invent and develop medicines that significantly improve people's lives. Our aim is for every person who needs our medicines to be able to benefit from them. Roche relies on a transparent, open and consistent assessment and decision-making process of third party payers when considering the value of our innovative medicines. The factors that Roche considers in setting the price of an individual medicine are: unmet need; the science; patient impact; health systems impact; societal impact; quality of evidence; the pricing context (e.g. individual market environment). When deciding on the Australian price, Roche assesses the viability of a price that reflects the value of the product and the ability-to-pay of the Australian Government.

At times Roche's price in Australia is not considered cost effective by the Australian Pharmaceutical Benefits Advisory Committee (PBAC). As a result, those medicines and/or some of their indications (uses) may be available to patients in economically-comparable countries but not in Australia.

This is largely a consequence of the narrower approach to assessing the value of innovative medicines and a lower "willingness-to-pay" in Australia.

Since Roche sells medicines globally, prices in different markets are interdependent, due to external reference pricing and parallel trade. While differences in health technology assessment (HTA) methodology and decision criteria may change payers' "willingness-to-pay", many governments and insurers will typically seek to achieve the best price available in similarly developed markets. This restricts the ability of a company like Roche to grant price concessions exclusively to payers that apply different HTA methodologies but are otherwise economically comparable. Roche Australia has limited ability to price below a global pricing band set by the parent company.

In some cases, in order to meet the requirements of the PBAC, a confidential pricing agreement is used to allow some limited flexibility within the global pricing band. While Roche welcomes pricing transparency at an aggregate level to demonstrate the level of cost savings afforded to the Government through these discounts, pricing flexibility would not be possible in the presence of complete price transparency at the individual product level. There are some circumstances where transparency reduces efficiency because it links markets together that are not efficient to link.

Roche believes the reimbursement system in Australia needs to reform its approach to valuing medicines to better capture the full benefit of innovative therapies. The Australian HTA system must be increasingly flexible, taking account of the value of medicines to patients, carers, clinicians and society, as well as the evolving value of a medicine over its lifecycle, and adopting a willingness-to-pay in line with other developed countries. This would allow Australia to align with economically comparable countries and ensure that patient access is not compromised. Benchmarking Australia's prices for both patented and generic medicines to other countries with a similar ability-to-pay may give the Government confidence in knowing Australia is getting a fair deal, and allow resources to be directed towards investing in new, innovative medicines that improve patient outcomes.

Further reference

Roche Position on Pricing (Global policy)

This position paper was adopted by the Roche Australia (Pharmaceuticals) Leadership Team on 24 February 2017 and entered into force the same day.

---

[1] Medicines Australia. 2011. "Innovation for the Health of the Nation", Occasional Paper Series No. 2, Canberra

[2] Tufts Centre for the Study of Drug Development. 2014. "Cost to Develop and Win Marketing Approval for a New Drug Is $2.6 Billion" accessed from http://csdd.tufts.edu/news/complete_story/pr_tufts_csdd_2014_cost_study, 11/11/16, converted at rate of 0.75 USD = 1 AUD