
Medicines: Price, Access and Health

November 14, 2016

Medicine Prices Reflect The Medicine's Benefit While Considering Affordability



Clinical and real world data, along with consultation with physicians, payers, and patients, are at the core of pricing considerations

Patient Impact

- Efficacy
- Length and quality of life
- Safety
- Reduction in other healthcare costs
- Work productivity
- Engagement with everyday activities
- Side effects

Market Forces

- Payers' and providers' perceptions of the benefits of treatment
- Budget impact
- Insurance benefit design
- Rebates and discounts

Disease Burden

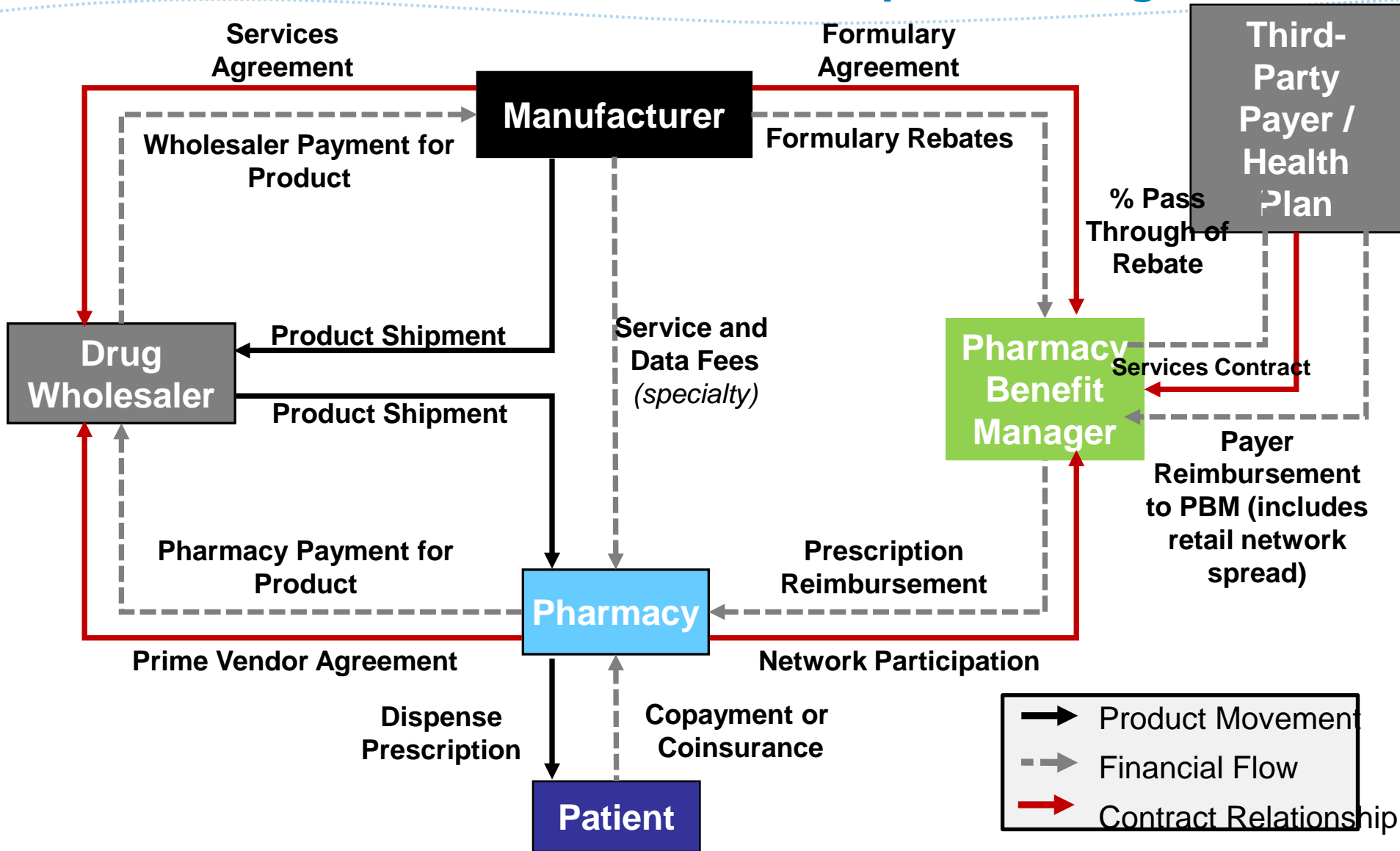
- Unmet medical need
- Number of people suffering

Alternative Treatments

- Existing therapy options
- New treatments expected
- Availability of generics



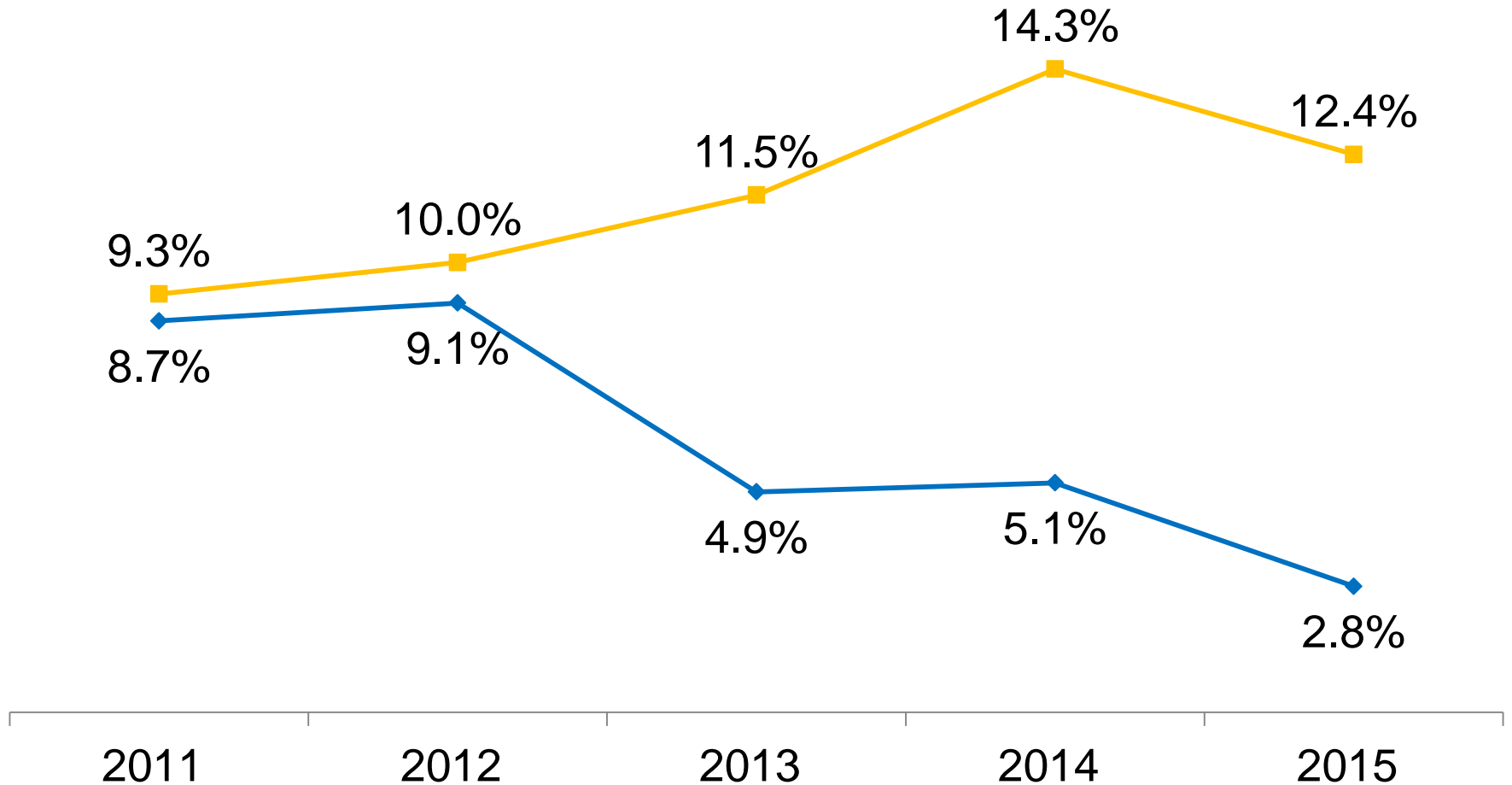
Reimbursement and Distribution: Outpatient Drugs



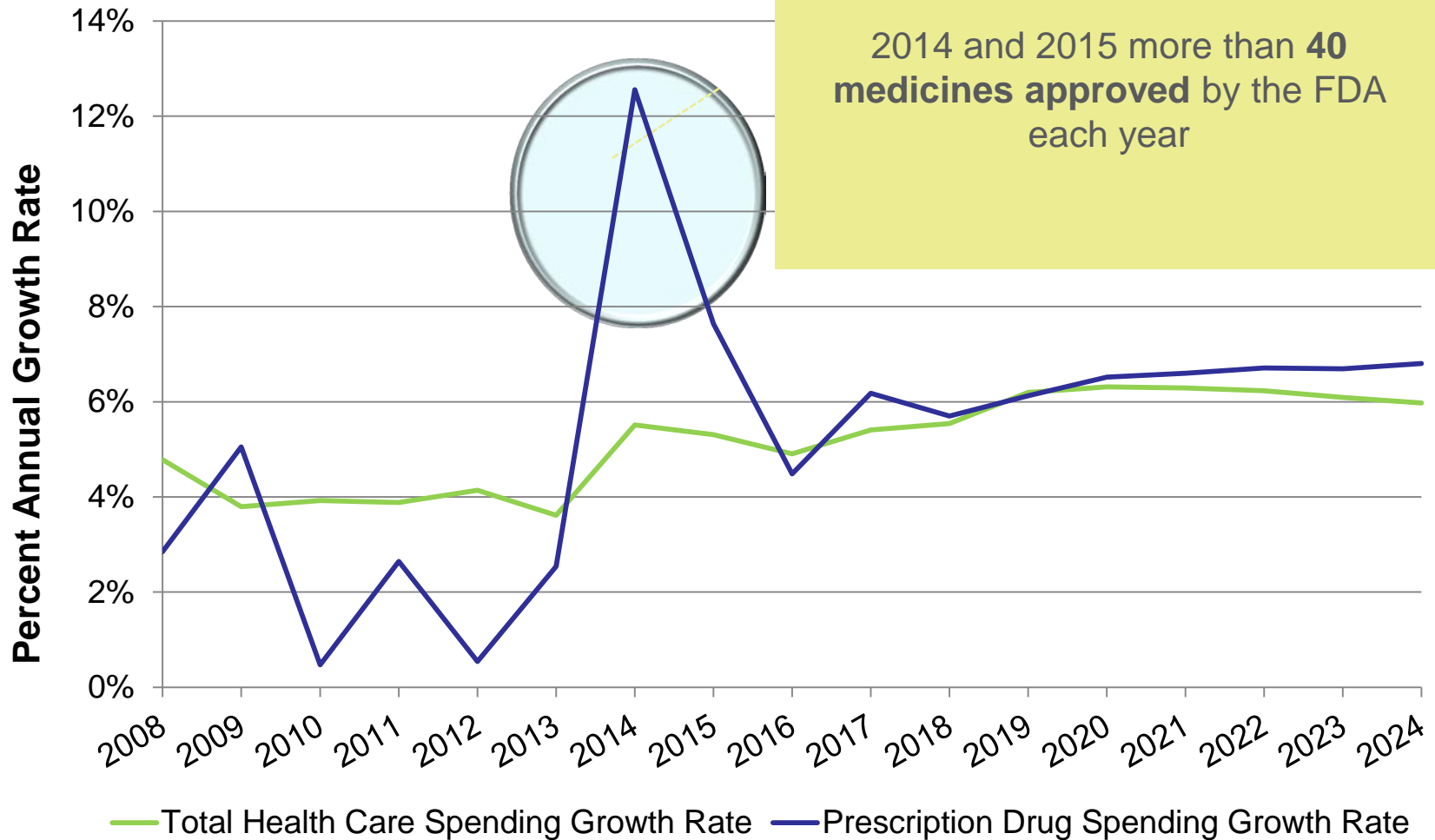
Source: Fein, Adam J., [The 2016 Economic Report on Retail, Mail, and Specialty Pharmacies](#), Drug Channels Institute, January 2016. Chart illustrates flows for **Patient-Administered, Outpatient Brand-Name Drugs**. Please note that this chart is illustrative. It not intended to be a complete representation of every type of financial, product flow, or contractual relationship in the marketplace.

Branded Medicine Net Price Growth Slowed in 2015

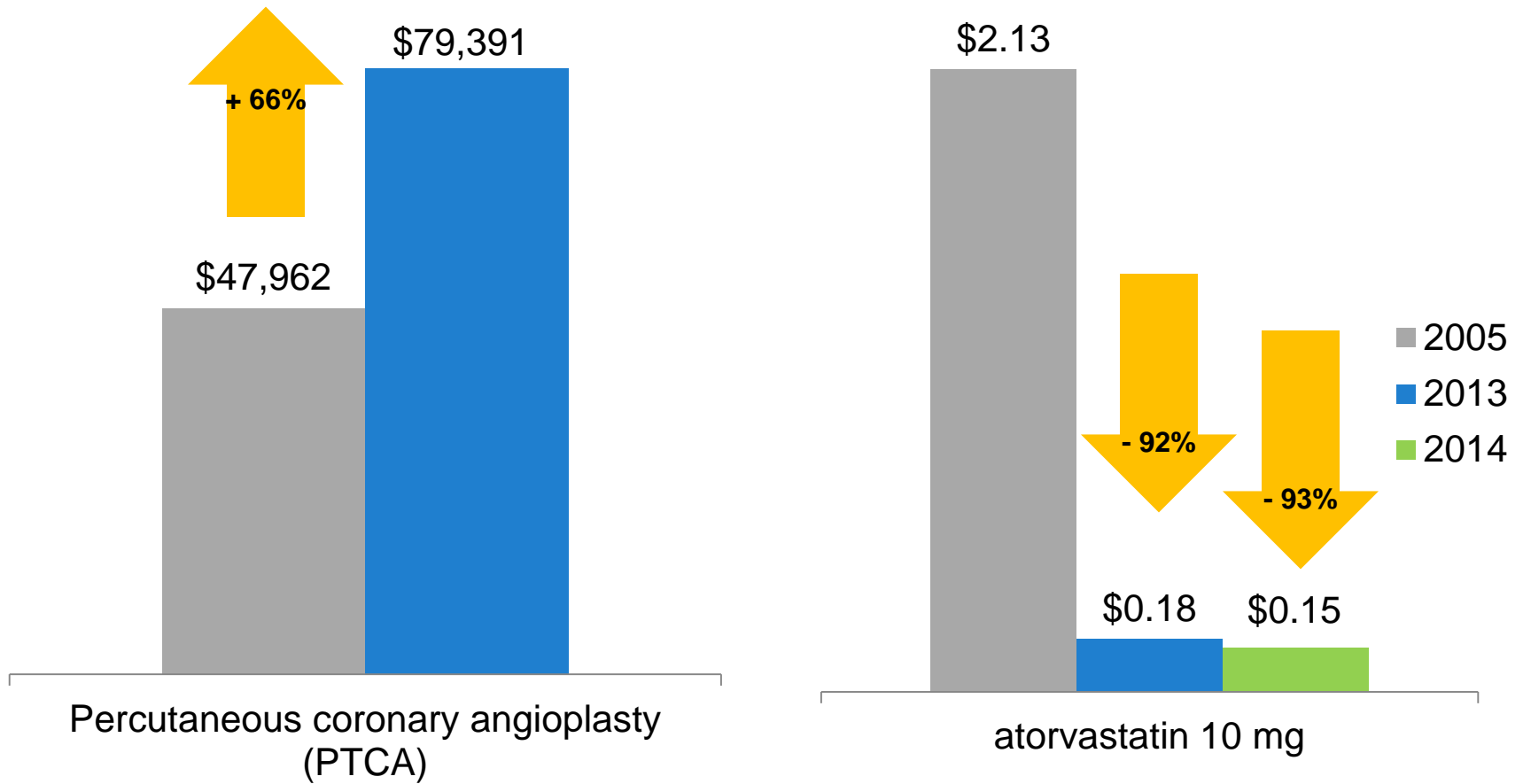
◆ Estimated net price growth ■ Brands invoice price growth



Medicine Compared to Healthcare Spending Growth



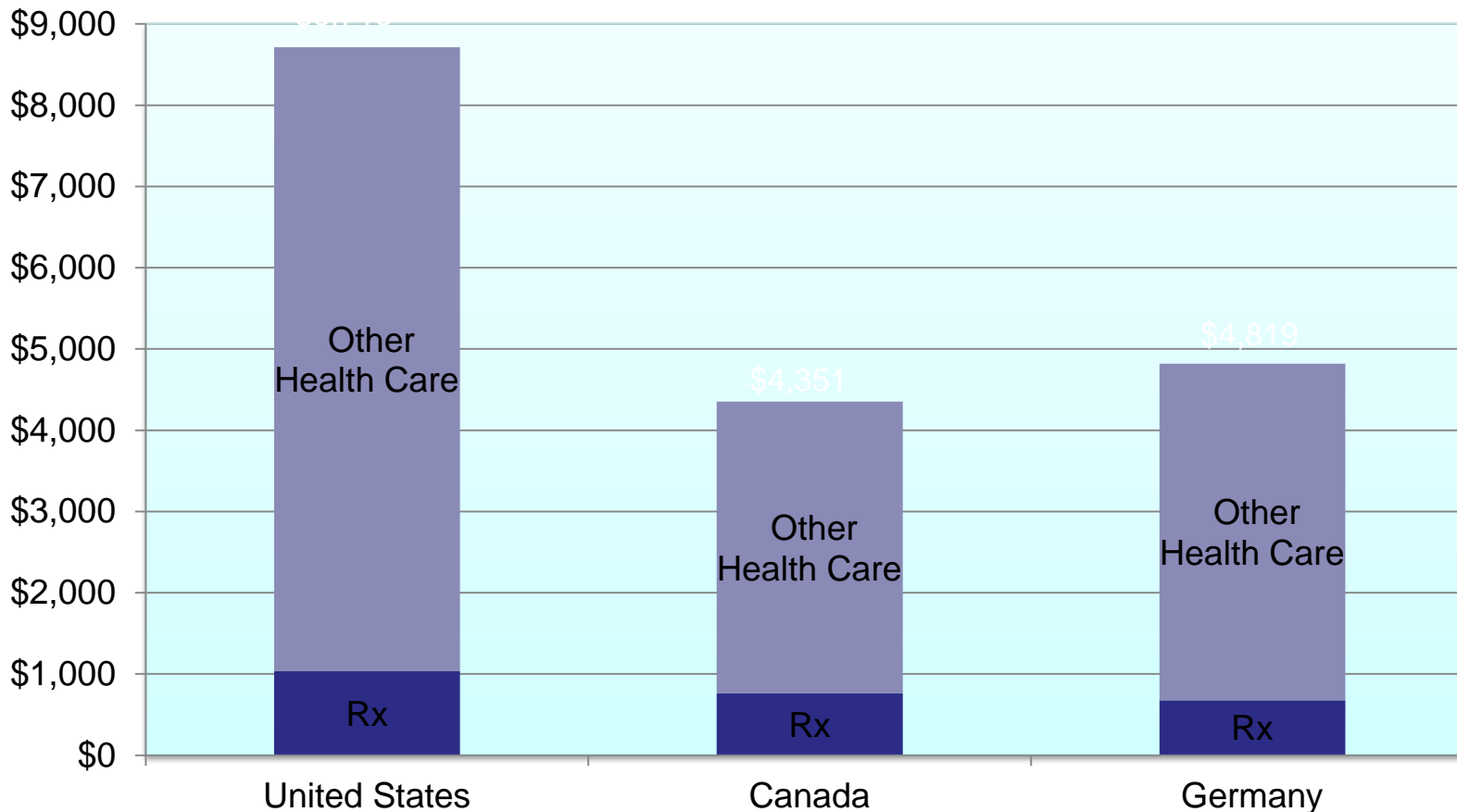
Cost Containment Is Built Into Medicines



Spending Differences Between the United States and Other Countries

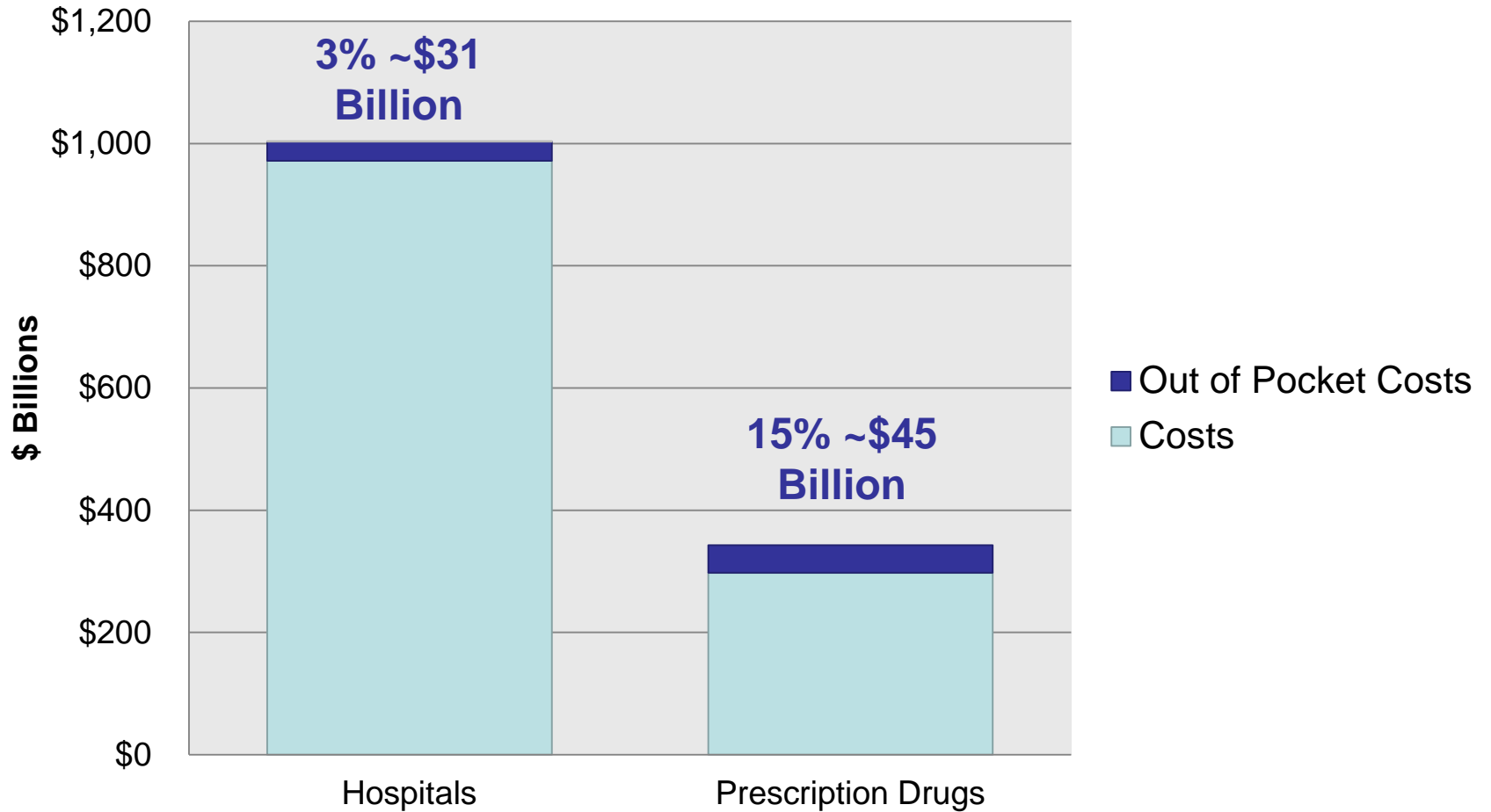


Per Capita Health Care Spending



❖ Organization for Economic Co-operation and Development data⁸

Patient Out of Pocket Costs



<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/highlights.pdf> 2014 estimates

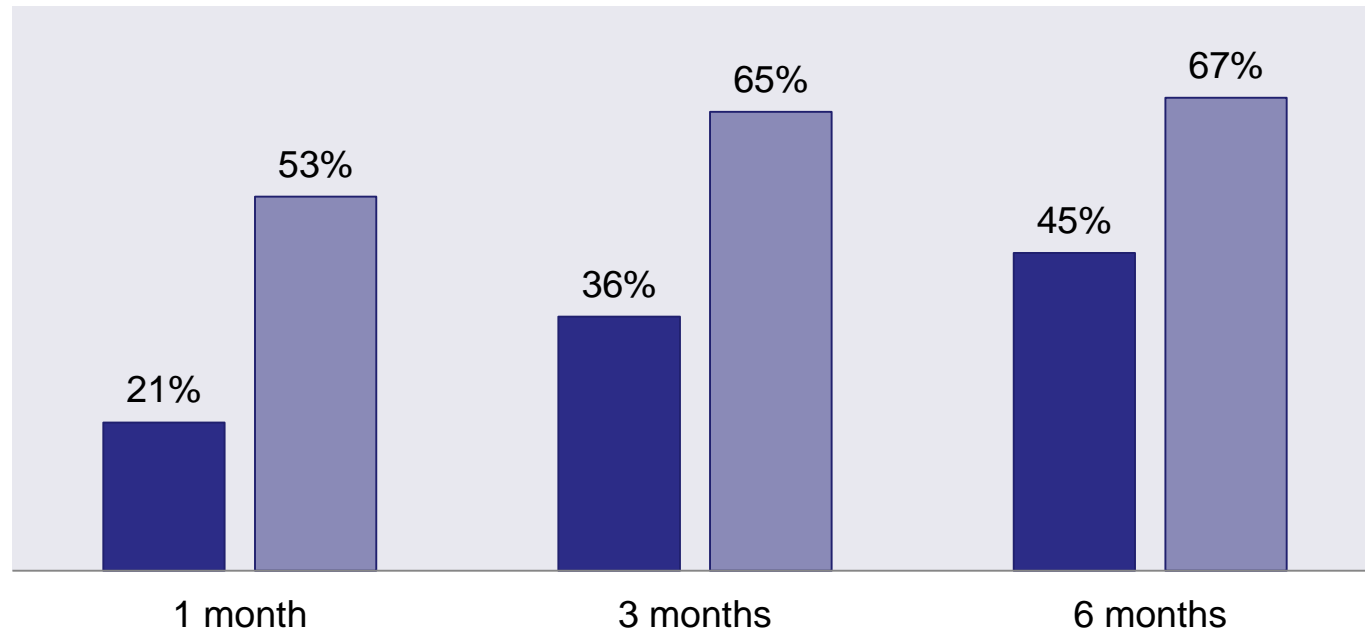
Patients Facing High Cost Sharing Commonly Do Not Initiate Treatment



Chronic myeloid leukemia (CML) patients facing high out-of-pocket costs for medicines on a specialty tier are less likely to initiate therapy than patients receiving a cost sharing subsidy and take twice as long to initiate treatment

Percentage of CML Patients Initiating Treatment

■ High Cost Sharing ■ Minimal Cost Sharing

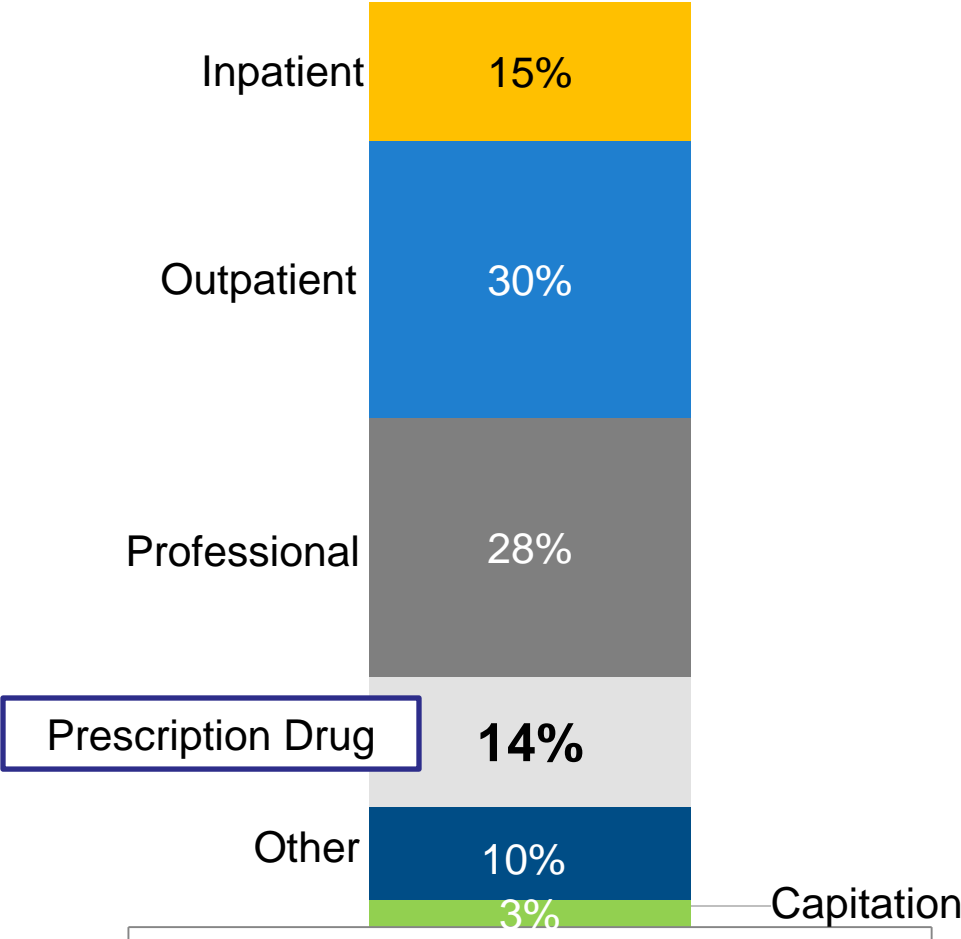


Doshi JA, et al.

Medicines Are Not The Main Driver Of Premium Increases

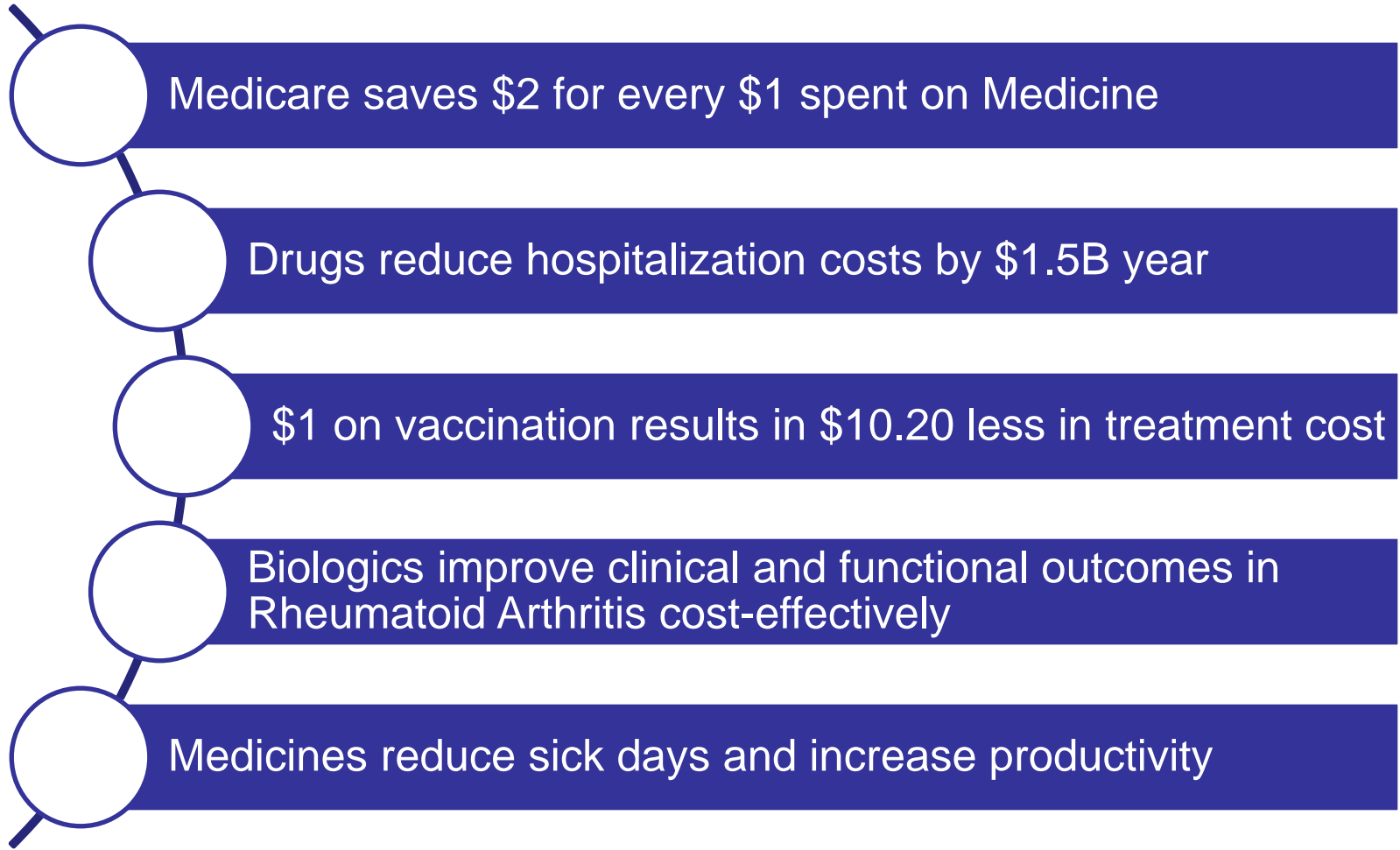


**Reasons for Proposed Insurance Premium Increase
2017 Individual and Small Group Market**



Source: Avalere Health, "Outpatient Services are the Largest Driver of 2017 Premium Increases," Aug 02, 2016

Medicines Save Money By Improving Health



Create an Innovative Reimbursement Environment

- Remove Impediments to Outcomes Based Reimbursement
- Expand Real World Evidence
- Patient Centered Quality Measures
- Incentives and Competition

Expand the Use of Value Based Insurance Design

- Aligned financial incentives

Solutions Framework: Does the Proposal?

Increase access to life changing treatment

Reduce patients and health systems total costs meaningfully

Improve patients health

Make the market place more competitive

Meaningfully affect the total cost of care in the long term and short term

Thank you

Freda Lewis Hall

Chief Medical Officer, Pfizer Inc.

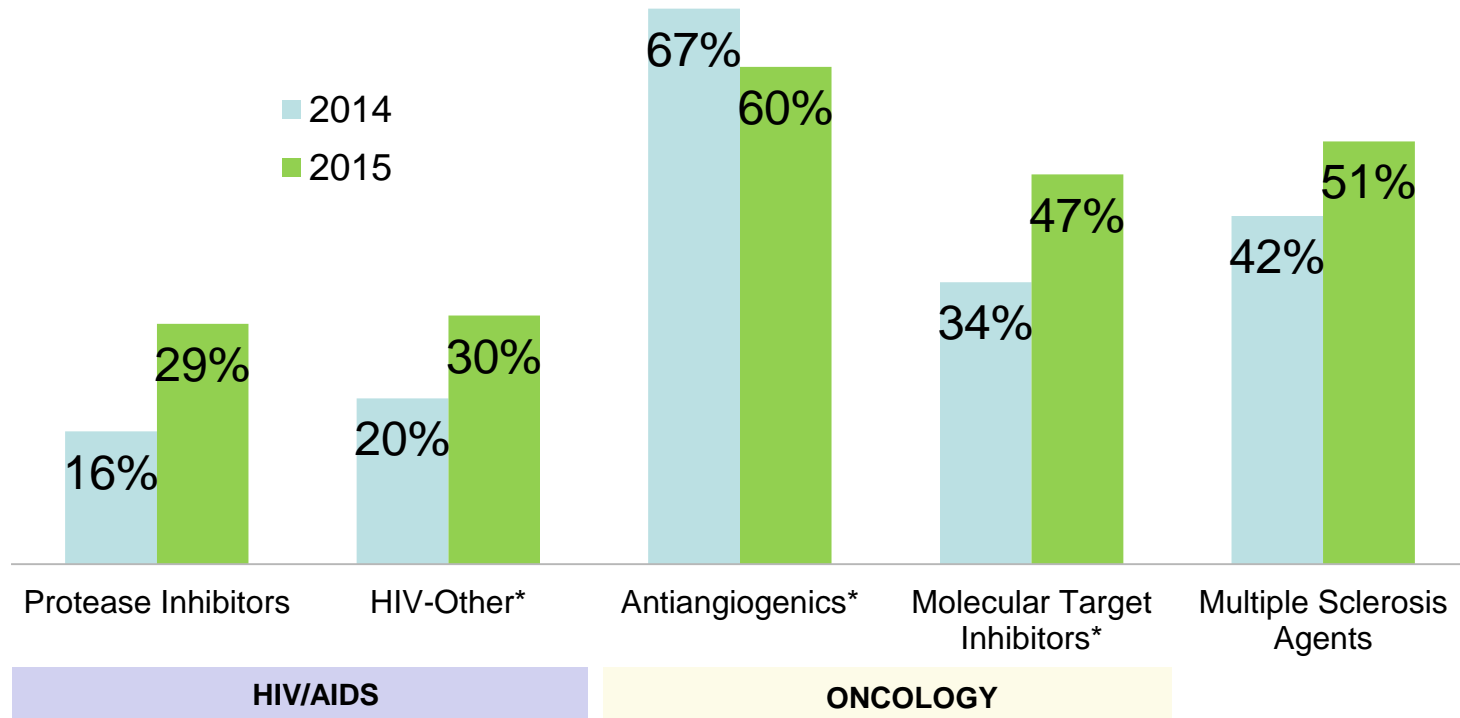
Phone: 212-733-1408

Email: freda.lewis-hall@pfizer.com

Cost Sharing In Exchanges: For High Burden Diseases



Percentage of Affordable Care Act Exchange Silver Plans Placing All Drugs in the Class on the Specialty Tier



*There are no generic drugs available in this class. All products are single-source.

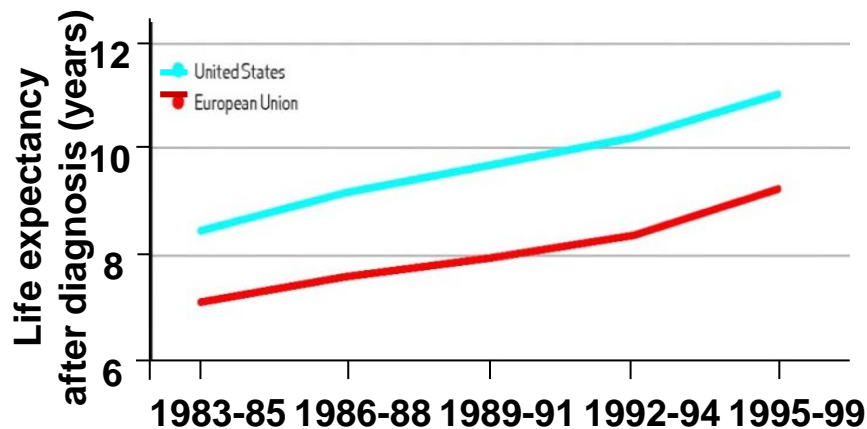
Source: Avalere Health PlanScape®⁸

Restricting Access to Care Has a Cost



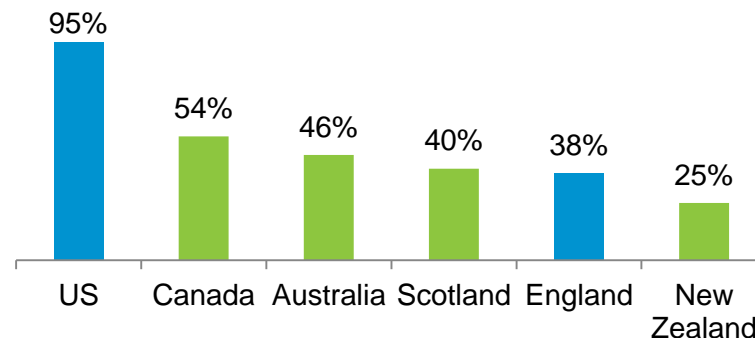
U.S. patients tend to have better outcomes

- Greater investment in and availability of cancer treatments in the US (vs. EU) is associated with better patient outcomes¹⁷



US patients have faster & better access

- Physicians in the US can prescribe many new medicines as soon as FDA approval is received vs. 1-2yr delays in some HTA-based countries^{1,18}
- US patients have access to the highest proportion of new oncology indications vs. HTA-reliant countries^{2,19}



1. EFPIA (2011) Market Access Delays. Patient WAIT indicator
 2. HM Government (2015) Life Science Competitiveness Indicators
 3. National Institute for Health and Care Excellence (NICE); HTA Agency for England and Wales
 4. NICE <https://www.nice.org.uk/>
 5. Department of Health (2011)
 6. IHS Life Sciences (2015) "Polish pharma industry furious over MoH's "warning" to HTA agency"
 7. NICE Annual Report and Accounts 2013/14
 8. Kieley et al. (2012) Rheumatology 2012;51:2431

11. European Commission (2014) [Validating outcomes in health technology assessments](#)
 12. Kaczyński et al. (2016) [JHPOR](#)
 13. NICE technology appraisal guidance [TA330] (2015)
 14. SMC Advice: sofosbuvir 400mg tablet (Sovaldi®) (2014)
 15. CADTH Common Drug Review Sofosbuvir (2014)
 16. Australian PBS Sofosbuvir; 400 mg tablet 28, Sovaldi® (2015)
 17. Philipson et al. Health Aff (2012) 31:4667-675
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 19. Cheema et al. (2012) Curr Oncol 2012;19:e165-76
 20. MarketWatch (2015) [Gilead to discount its pricey Sovaldi drug](#)



Hypertension

Mean expense per person, adults

