# Indication Based Pricing (IBP)

## IBP strategy case studies

Supporting the article
*“Indication-Based Pricing: The Simplest Explanation You’ll Ever Read”*
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# Strategies for IBP

The value of multi-indication products refers to the therapeutic benefits a single pharmaceutical product offers for multiple medical conditions or indications.

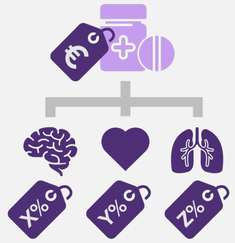
Indication-based pricing is an alternative pricing paradigm that attempts to find strategies to align the price or prices applied to a medicine to the value created by each indication.

## Weighted Pricing

Setting a price based on the weighted average of the values across all indications

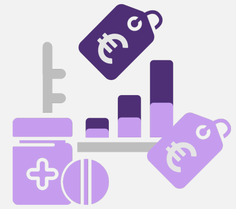
## Differential Discounting

Applying different discounts based on the indication for which the product is used, whilst the list price remains constant.



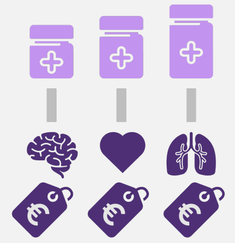

## Risk-Sharing Agreements

Contracts between the manufacturer and payer that tie the price or reimbursement level to specific outcomes or other benchmarks. Beneficial for products with uncertain long-term value.



## Product Pack Variation

Individual medicine presentations are explicitly aligned to a single indication or similar indication, allowing different prices to be set based on medicine use whilst maintaining the typical payer desire for ‘one vial, one price’.



# Keytruda
MSD, UK

Faced with multiple subsequent indications and a budget impact > £20m, NHSE negotiated a blended price CAA for Keytruda using data collected in CDF

From the time of negotiation, the blended price would be applied for all existing and expected future negotiations.

CAA = Commercial Access Agreement
CDF = Cancer Drug Fund
NHSE = NHS England
EMA = European Medicines Agency

## Background & Details

Launched in 2015, Keytruda by the EMA for nearly 20 indications in the following years. This place pressure on assessment bodies like NICE given varying levels of perceived cost-effectiveness.

In 2018, it was the first medicine to pass a £20m budget threshold set by NHS England, which allowed them to call MSD in for a fresh negotiation

## Agreement

MSD & NHSE negotiated a ‘smart deal’ which agreed a confidential blended price, taking into account all existing and expected future indications.  Whilst details are unknown, this price is then used in all new negotiations moving forward providing certainty for both manufacturer and NICE

MSD


IBP Strategy
**Weighted Pricing**

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# Ocrevus
## Roche, UK

Negotiated a CAA for their subsequent PPMS indication with cost-effective IBP.

Supported by a data collection protocol based on P3b trial

Roche worked closely with both NHSE and NICE on agreement

CAA = Commercial Access Agreement
PPMS = Primary-Progressive MS
RRMS = Relapsing Remititng MS
NHSE = NHS England

### Background

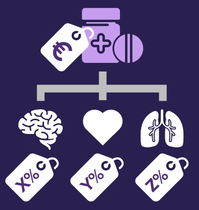
In May 2018, Roche received NICE recommendation for its relapsing-remitting MS treatment, following a February 2018 submission for primary-progressive MS, a condition with significant unmet need for effective therapies.

### Agreement

Roche proposed a Managed Access Agreement for PPMS, including Phase 3b-aligned data collection and a Commercial Access Agreement, mirroring Oncology and ultra-orphan indication strategies. After initial rejections due to NHS resource concerns, NICE eventually denied approval, citing cost-effectiveness issues at the RRMS price point.

### Enablers

Early stakeholder consensus, patient and political advocacy, and established UK mechanisms facilitated the negotiation and data collection process.


IBP Strategy
**Differential Discounting**

# Tecentriq for SCLC and Trip-Neg
## Roche, Spain

Tecentriq approved in Spain with indication-specific performance-based agreements

VALTERMED data collection system to monitor treatment outcomes for breast and lung cancer patients

Results will be monitored at specific intervals to determine financing

### National Agreement

- Data collection (coverage with evidence) through the VALTERMED system
- Payment by results (PbR) on overall survival
- Flat discount (< 10%)
- Regional monitoring committees

### Sub-national Agreement

- Subnational access program at the local hospital level
- 2 free cycles on initiation
- 50% payment up until results measurement
- 100% payment on and after results measurement
- Managed through pharmacies reporting as foot note to orders or declaration by head of pharmacy

Roche


IBP Strategy
**Risk-Sharing Agreement**

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# Dupixent
## Sanofi, Italy

Sanofi agrees an indication-based agreement for its immunology therapy Dupixent

Through the agreement it maintains a higher net price for its atopic dermatitis indication via an innovation fund

Great example of obtaining indication-based solution even when working within legal bounds

### Background & Details

- Dupixent received its first reimbursement in Italy in 2018 for adult atopic dermatitis (AD) and gained innovative status for 3 years, before expanding to other indications such as severe asthma and nasal polyps.
- In December 2020, Dupixent's second reimbursement agreement with AIFA allowed the restriction of specific presentations to specific indications, maintaining its innovative status for AD only and resulting in a gross and net price difference of ~11%.
- This unique agreement was facilitated by AIFA waiving mandatory price reductions for subsequent indications and by including Dupixent on innovative drug lists and regional therapeutic handbooks, allowing for tailored treatment access across various conditions.

sanofi


IBP Strategy
**Product Pack Variation**

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