Should Launch Prices Be Based on the Value of New Therapies?

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Yes.

Potential Elements in Determining a "Reasonable" Launch Price for Pharmaceuticals

- Costs of development and/or production plus "reasonable" profit
  - Potential for negative effects if applied to all new drugs
  - Often considered for older generic drugs without barrier to entry
- Budget impact for drugs affecting large populations
  - Public health opportunities
  - Cost-plus or other mechanisms sometimes considered
- Added "value" to patients and health systems
  - More apt for new drugs with limited or no competition
  - Cost-effectiveness analysis is the accepted approach in the US and abroad

Tension between population value and individual value(s)

- Cost-effectiveness analysis (CEA) takes health system or societal perspective
- Value frameworks based on CEA meant to inform population decision-making
- Patient-centered value frameworks aid patient-physician, can be applied to existing frameworks, support public health care programs, and internal strategic analyses decision-making
- CEA can’t and doesn’t capture everything
  - Often limited data at launch on patient-centered outcomes
  - Important outcomes may takes years to see – surrogate outcomes
  - Role for real-world evidence in value assessment

Discussion

- How should policymakers reconcile population-level and individual-level determinations of value?
- How should both impact a discussion of a “fair” launch price?
- What elements of value should be included in determining launch prices?
- How can we improve the data available at launch to ensure a true picture of value is captured?
- Which stakeholders should be involved in price determinations and discussions?
- What is the purpose of a launch price?
- Are there alternatives to CEA? Cost-benefit analysis? Cost-consequences?