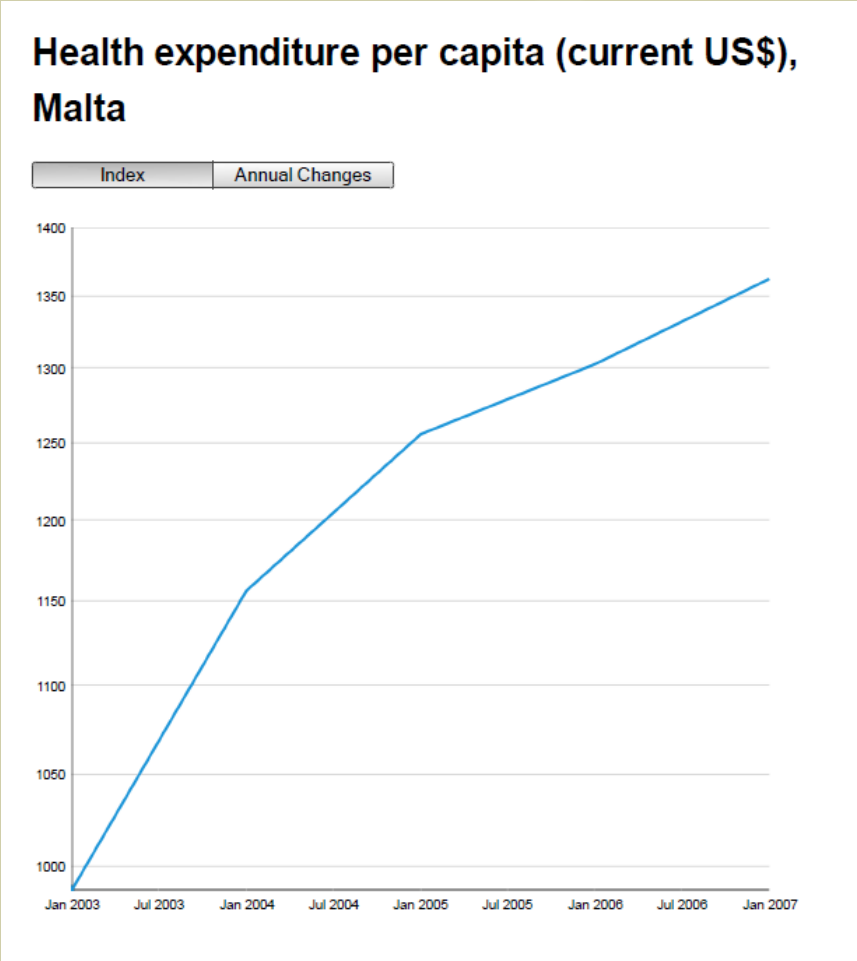
Pharmacoeconomics and Management in Pharmacy VIII

[John Vella B.Pharm.(Hons.) M.Sc.(Pharmacoeconomics)]

Pharmacoeconomic news review

[John Vella B.Pharm.(Hons.) M.Sc.(Pharmacoeconomics)]

Malta rates highly!?



The future is not promising

Malta has among the worst child obesity rates in Europe, the latest figures from the EU show.

The proportion of overweight or obese children in Malta is 29.5%. No other country has a proportion above 20%.

The "Health at a Glance: Europe" report shows that Greece and Portugal also have problems with childhood obesity. Among adults, Malta has the third highest obesity rate, behind Ireland and the UK.

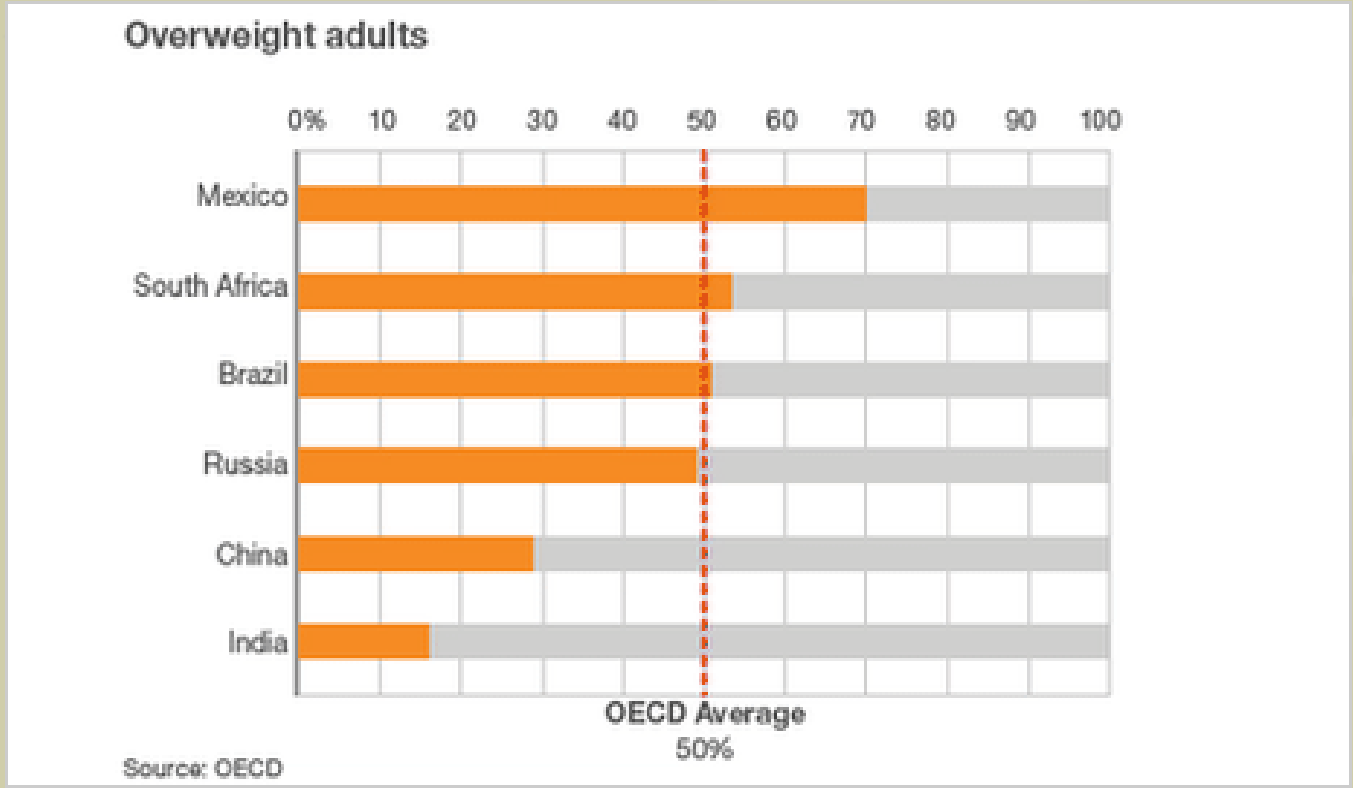
Childhood obesity can lead to health problems in adult life, including diabetes, cardiovascular disease, and high blood pressure. Previous research has shown that the 'obesity tipping point', or the point at which a child is set up for long-term weight issues, can be as young as just two.

Obesity rates in the European Union have more than doubled in the last 20 years, according to the report, which found that European children, like their American counterparts, don't get nearly enough exercise. The five most obese countries in the study are Britain, Ireland, Malta, Iceland and Luxembourg. The five slimmest are Romania, Switzerland, Italy, Norway and

Extrapolate to the future

- Rising rates of childhood obesity are worrying
- The rates of CVS disease are bound to increase and the cost of supplying medicines to the general population is bound to increase
- Should we start paying an obesity tax, linked to weight?

62% of Maltese are obese!



Local real-world applications for PE

[John Vella B.Pharm.(Hons.) M.Sc.(Pharmacoeconomics)]

The state of affairs

- Recent legislation has indicated that HTA's and PE evaluations will play a part in the local calculus
- To date no concrete steps have been taken, at least in a transparent manner to do so
- This has led to a deficit in the distribution of pharmaceutical care and also of its monitoring

The way forward

- There is no requirement for new drugs entering the government formulary to undergo a PE evaluation
- In fact, locally, there is no unit equipped or qualified to carry out such studies
- Rising public healthcare costs will not be restrained if the required studies are not carried out

The future for PE evaluations

[John Vella B.Pharm.(Hons.) M.Sc.(Pharmacoeconomics)]

Value-based healthcare?

[John Vella B.Pharm.(Hons.) M.Sc.(Pharmacoeconomics)]

The future for PE

- PE is heading to a watershed
- Traditional methods are not proving to be sufficiently acceptable
- Instead of simplifying the economics of healthcare and pharmaceutical intervention, PE studies have further muddied the waters
- Improvements and alternatives are being proposed

Variations on PE

- The US and the UK have been working on adaptions of their current systems of apportioning healthcare resources
- In the US the PCORI[1] has been set up to supersede traditional methods of distribution, and the UK VBP[2] is being discussed, prior to introduction in 2013

- [1]Patient-Centred Outcomes Research Institute
- [2] Value Based Pricing

PCORI

- The establishment of PCORI limits formal measures such as the cost per QALY metric
- A broad set of criteria, including ‘impact on national expenditures’
- The NCCN[1] is piloting a CTI[2] categorising products as preferred, appropriate or acceptable

- [1]National Comprehensive Cancer Network
- [2]Comparative Therapeutic Index

Reaction

- The private sector is moving in response
- HMO's[1] are reacting by re-arranging their tiered formularies to reflect the effectiveness and impact of a pharmaceutical
- This behaviour, in the long term, could lead to a better correlation between the cost and effect of a medicine

Value Based Pricing (i)

- The UK has utilised as system of price control for branded medicines known as the PPRS since 1957
- This is to be replaced by a system called VBP
- Concerns are being voiced that if pricing is linked to a system of indexing, R&D will be curtailed

Not everyone agrees!

08/02/2011

AAH RAISES CONCERNS OVER VALUE BASED PRICING PLANS

Emma Weinbren

Plans to price medicines according to their value will have an impact throughout the supply chain and the government must consider "the implications for wholesalers and those who dispense", AAH has said.

AAH group managing director Mark James said that discussion is needed over how supply chain costs would be considered when drugs were priced and the Department of Health (DH) should not "limit its focus to the relationship between the NHS and manufacturers".

"We need to understand more about how the department will announce pricing decisions and what that will mean for stockholding and hence product availability across the supply chain," Mr James said.

AAH's comments follow concerns that were raised about the government's Value Based Pricing (VBP) plans in a seminar at the School of Pharmacy, University of London, last month.

The government plans to price branded medicines launched after 2014 according to assessments of their value, looking at patients benefits, unmet need, therapeutic innovation and the benefit to society as a whole.

In a briefing paper on the subject, the School of Pharmacy warned any VBP scheme could face difficulties and might not support new research and development.

"VBP cannot, for instance, in some way 'magic away' the fact of health care funders having to make difficult choices," the school said in a briefing document.

It also warned it would be difficult to calculate what "ought" to be spent on pharmaceutical research when valuing new medicines, and said a product-by-product pricing approach may not sustain innovation through difficult phases in the drug discovery cycle.

Speaking at the seminar, London School of Economics senior lecturer Panos Kanavos said: "There is a big challenge in capturing value across society. It might stall the benefits of investment in other areas if we concentrate on certain areas."

For example, problems may occur in the case of rare diseases, where it might be difficult to balance treatment affordability under a VBP scheme.

The government's consultation on VBP plans, A new value-based approach to the pricing of branded medicines, is open until March 17, 2011.

Value Based Pricing (ii)

- The government, on the other hand wants to ensure that new and innovative drugs are accessible to all, and not just the wealthy or the ones selected through a healthcare *lottery*
- Such as system would reward breakthrough drugs and put less emphasis on product-line extensions and me-too drugs

The QALY again!

- The QALY is being mooted as a measure for the establishment of the relative efficacy and pricing of a pharmaceutical intervention
- The QALY is utilised in PE evaluations world-wide
- Its present application is limited in scope, and subject to the criticism that it is not flexible enough to accommodate all illnesses

R&D and VBP

- The British proposition is to create thresholds for different ranges of diseases and provide for flexibility and societal relevancies
- With greater weighting given to medicines with a higher social benefit it is anticipated that R&D in the UK will move to increase investment in the same areas[1]

- [1] R&D in the UK is estimated at 4 billion sterling annually

The future for PE

- These novel approaches to PE bode well
- More investment is required locally to establish a unit specifically entrusted with collecting, collating and analysing data regarding pharmaceutical healthcare expenditure
- Only when this is up and running can we take stock of the current situation and create solutions and alternatives to the status quo

Progress

This can only be achieved if close co-operation is fostered and maintained between the main actors involved:

(i) Local pharmaceutical industry

(ii) The competent authorities

(iii) Academia

Bibliography and Acknowledgements

- **Deshpande PR, PharmD, Dept. of Pharmacy Practice, Manipal University, Manipal, India. *Pharmacoeconomics*, Microsoft Powerpoint Presentation**
- **Drummond M, Sculpher M, Torrance G, O'Brien B, Stoddart G. *Methods for the Economic Evaluation of Health Care Programmes. 3rd ed Oxford: Oxford University Press; 2007***
- **Heaton A BS (Pharm), Pharm. D., RPh.Director of Pharmacy BlueCrossBlueShield of Minnesota, *Performance Enhancing Pharmaceuticals,* Microsoft Powerpoint Presentation**
- **International Society for Pharmacoeconmics and Outcomes Research (ISPOR), *Introduction to Pharmacoeconomics*, ISPOR Distance Learning Program**
- **Rascati, K. *Essentials of Pharmacoeconomics; Philadelphia:LippincottWilliams & Wilkins; 2008***
- **Ridker et al, *Rosuvastatin to prevent vascular events in men and women with elevated C-reactive protein*. NEJM, 359 (21), 2008**
- **Sale, L. *Critical Appraisal of Research Reports*, Department of Reproductive Health and Research, WHO, Geneva, 2006**
- **Satyanarayana K, St.Peter's Institute of Pharmaceutical Sciences, *Pharmacoeconomics*, Microsoft Powerpoint Presentation**
- **Shull S PharmD, MBA. Basics of Pharmacoeconomics and Outcomes Research:Application to Patient Care, Microsoft Powerpoint Presentation**
- **Quick J, Director, Essential Drugs and Medicines Policy – EDM, Health Technology and Pharmaceuticals Cluster – HTP, World Health Organization, June, 2002, Presentation**

Bibliography and Acknowledgements

- **Smith R, Wright D. *Health Economics for Prescribers*, Microsoft Powerpoint Presentation**
- **Vella J. *Medicine prices in Malta and their relation to economic indic*ators. Dissertation, University of Malta *2010***
- **Vella J. *Essays in Pharmacoeconomics: The QALY as a tool in evaluating treatment outcomes*. Unpublished work, 2010**
- ***www.nso.gov.mt, National Statistics Office website***

Web references

- **http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_122793.pdf**
- **http://www.pcori.org/images/PCORI_EstablishingLeg.pdf**
- **http://pharmexec.findpharma.com/pharmexec/Technology/The-Fruits-of-Comparative-Effectiveness/ArticleStandard/Article/detail/695700?ref=25**