

# Pharmaceutical Industry

“Generics or Innovation?”

# OECD Health Policy Studies

## *Pharmaceutical Pricing Policies in a Global Market*

EANA 27-11-2009

Dr Claude Schummer

Études de l'OCDE sur les politiques de santé

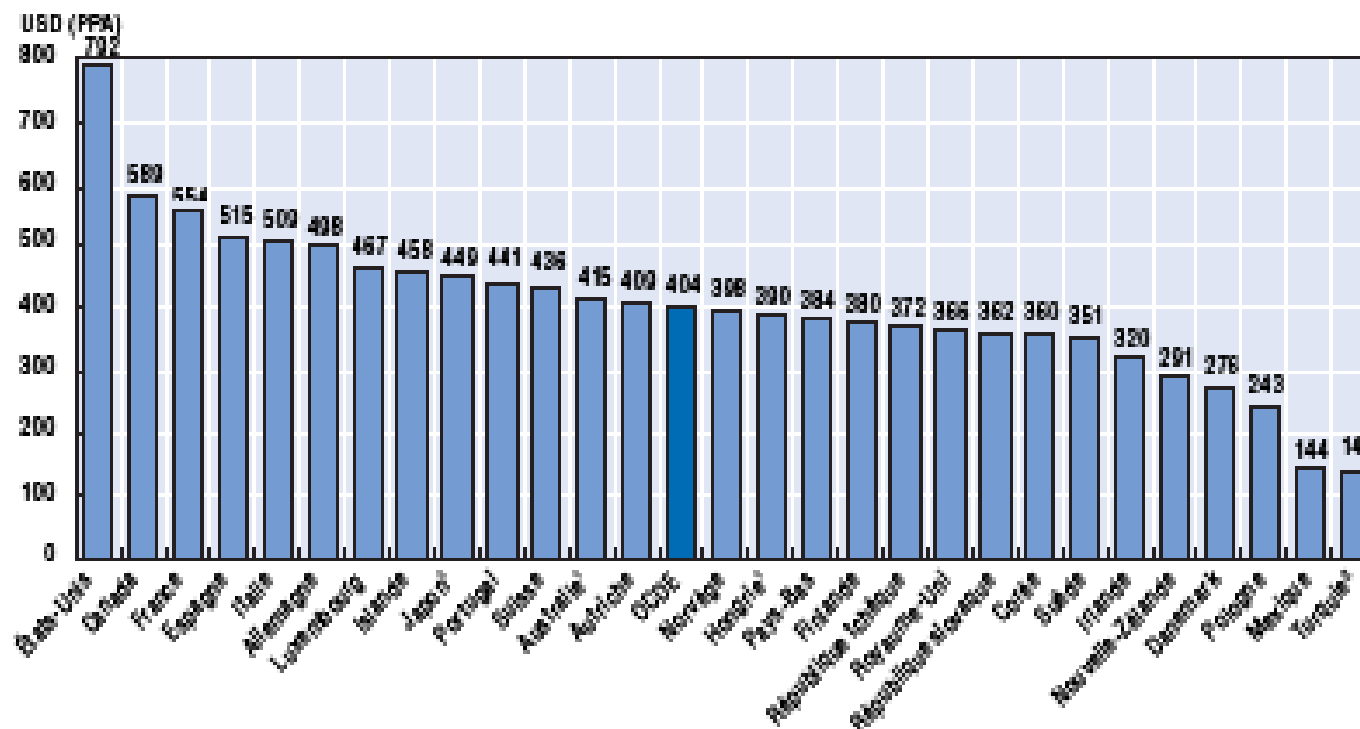
## **Les prix des médicaments sur un marché global**

POLITIQUES ET ENJEUX



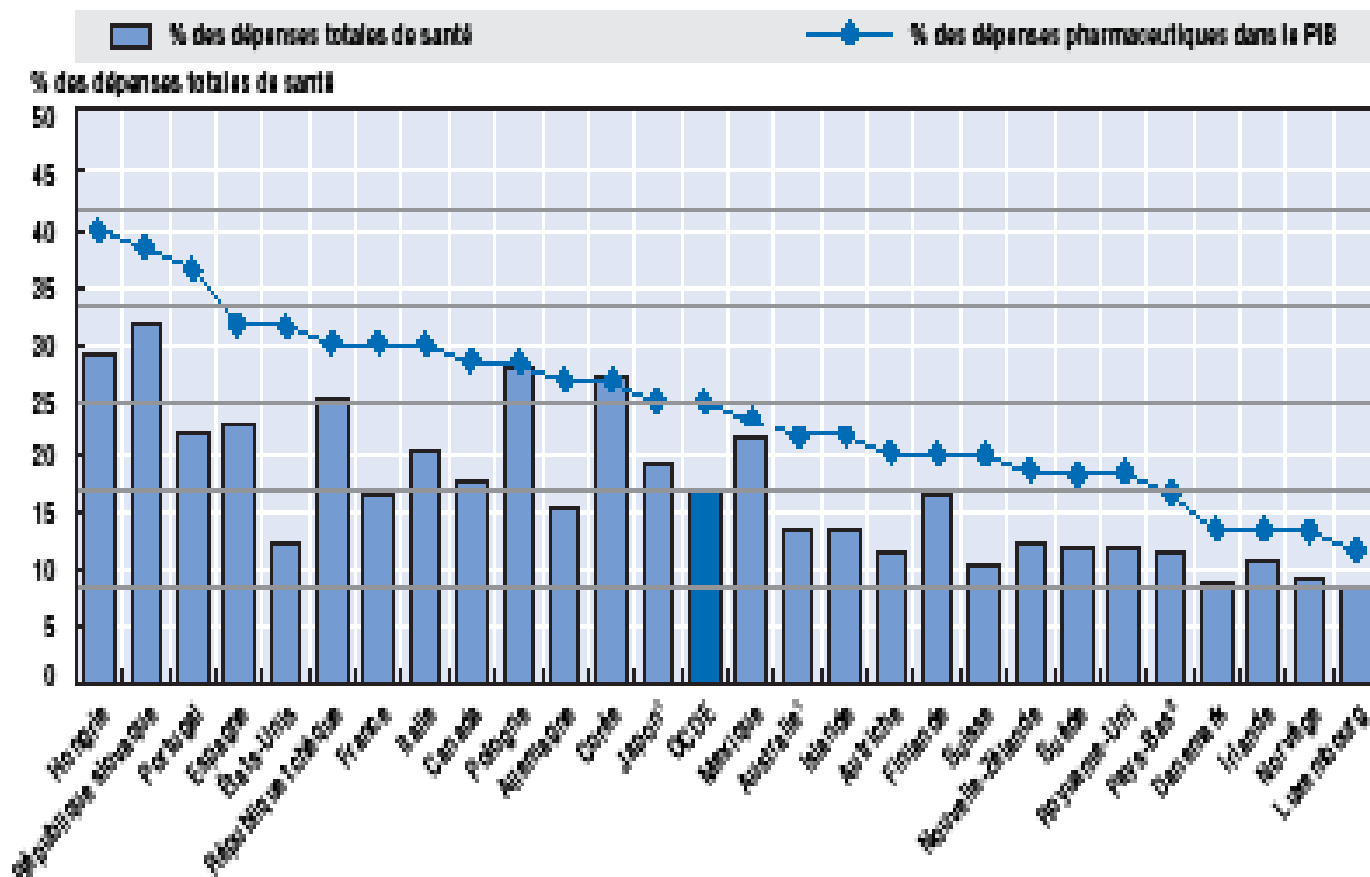
# Per capita spending on pharmaceuticals, 2005

Graphique 1.2. Dépense pharmaceutique par habitant, 2005  
En USD aux PPAS



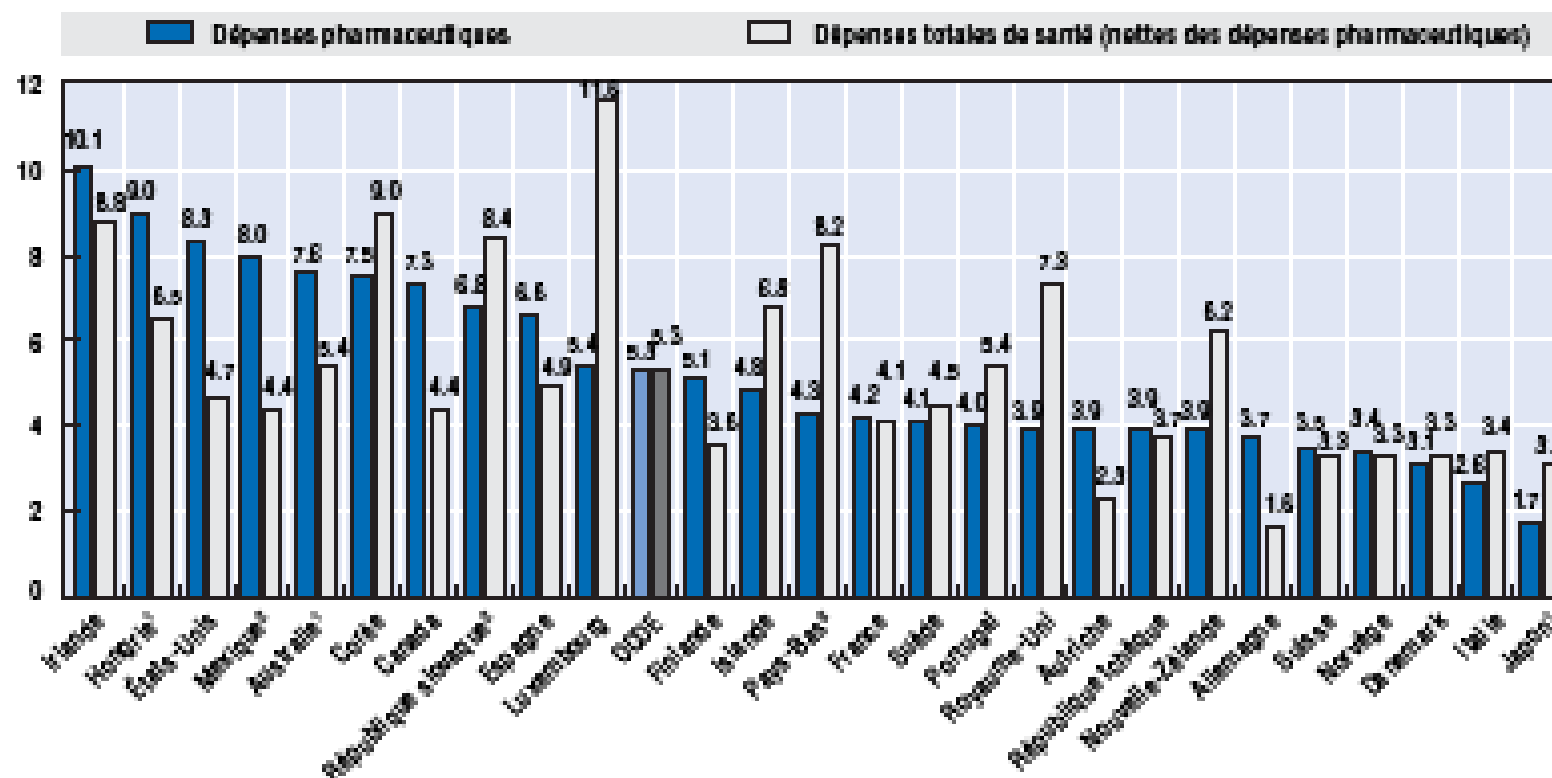
## Share of pharmaceutical expenditure in total health spending & in GDP, 2005

Graphique 1.5. Part des dépenses pharmaceutiques dans l'ensemble  
des dépenses de santé et dans le PIB, 2005



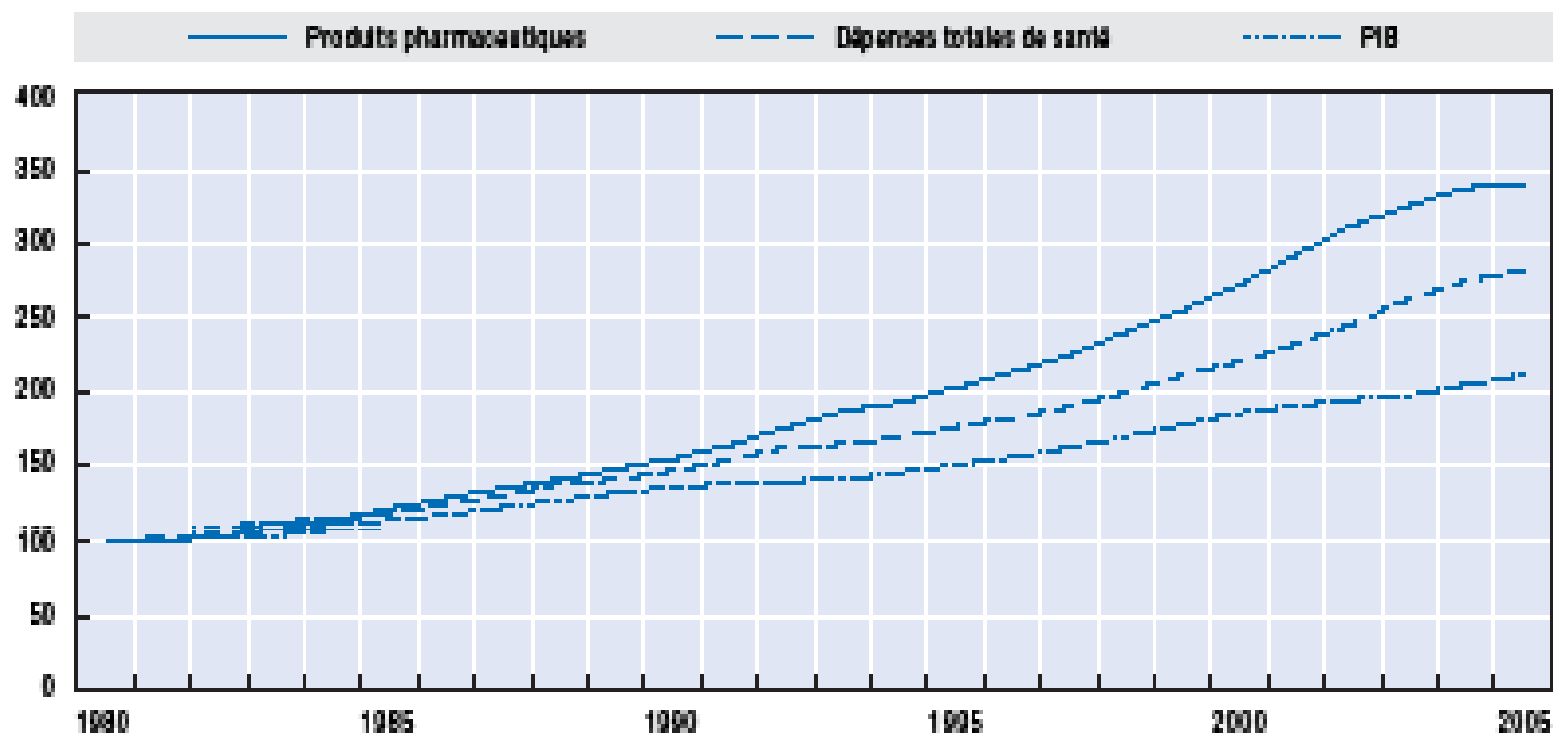
## Real annual growth in pharmaceutical spending and total health expenditure (net of pharmaceutical expenditure), 1997-2005

Graphique 1.6. Croissance annuelle moyenne des dépenses pharmaceutiques et des dépenses totales de santé (nettes des dépenses pharmaceutiques), 1997-2005



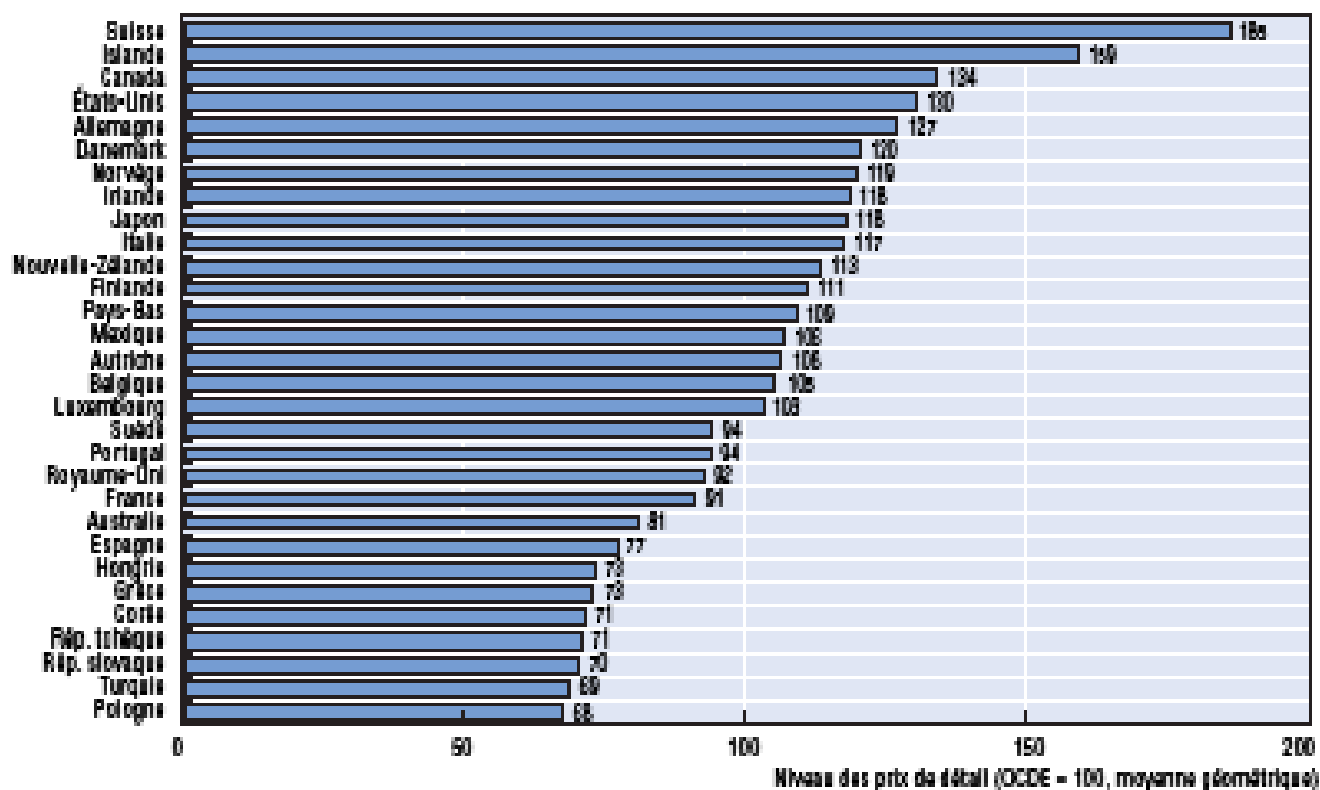
## Trend growth in pharmaceutical and total health expenditure for 15 OECD countries, and GDP, 1980-2005

Graphique 1.7. Croissance tendancielle des dépenses pharmaceutiques  
et des dépenses totales de santé dans 15 pays de l'OCDE,  
et croissance du PIB, 1980-2005  
1980 = 100



# Relative retail pharmaceutical price levels in OECD countries, 2005

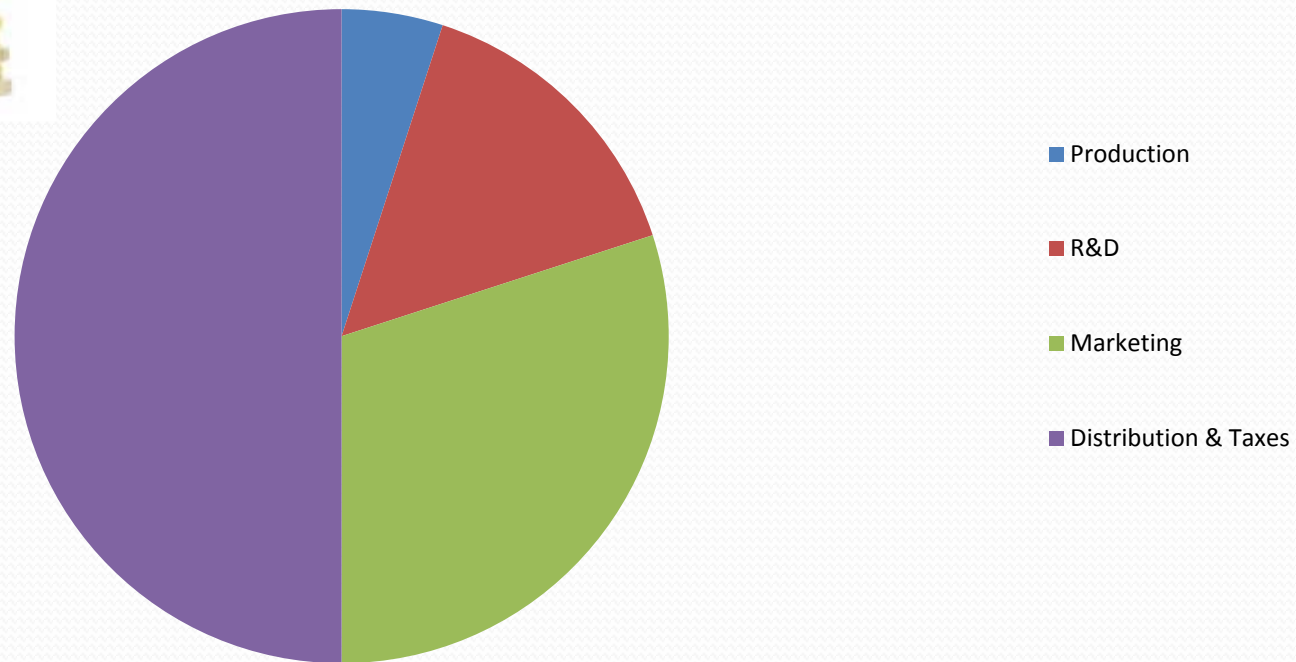
Graphique 1.8. Niveaux relatifs des prix de détail des produits pharmaceutiques dans les pays de l'OCDE, 2005



# “Generics or Innovation?”

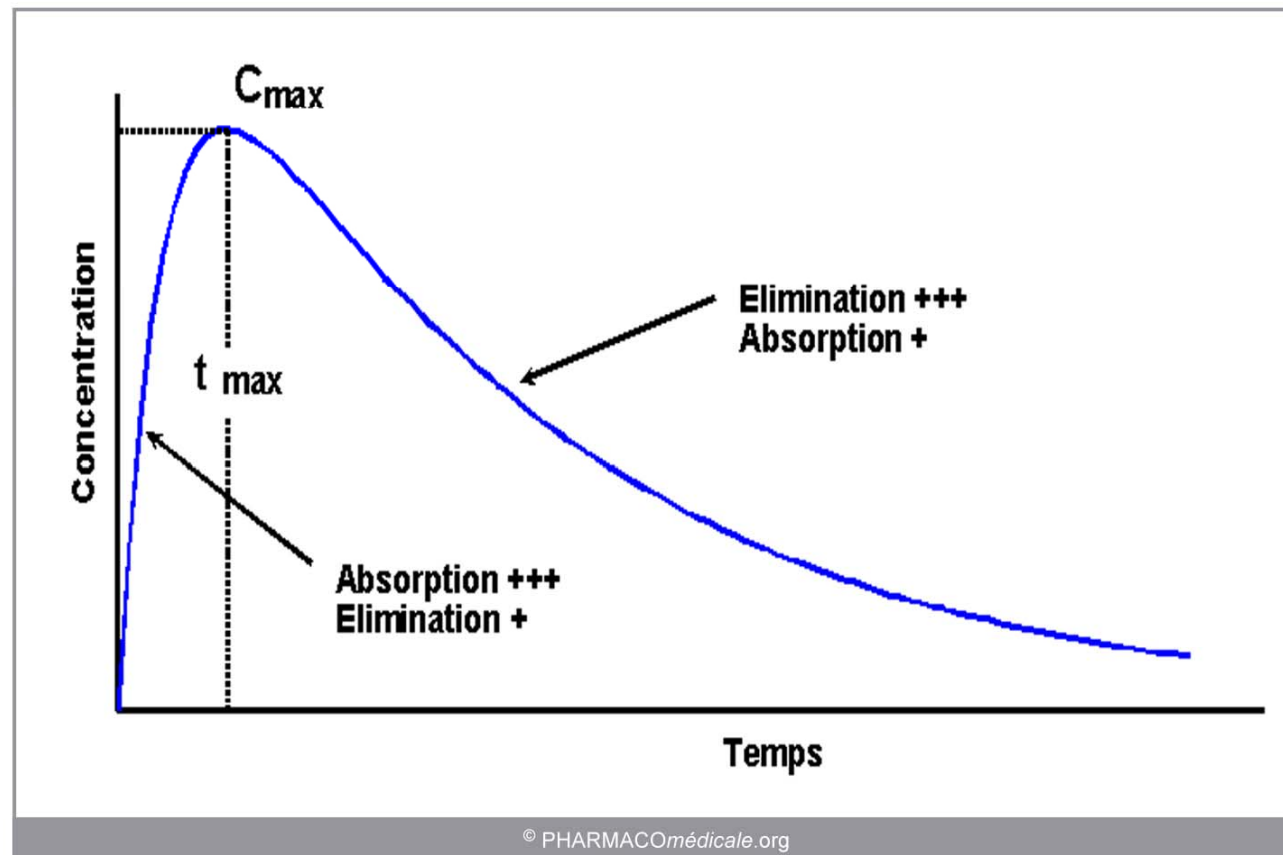


Drug price





# “Generics or Innovation?”



# “Generics or Innovation?”

## Generic drugs

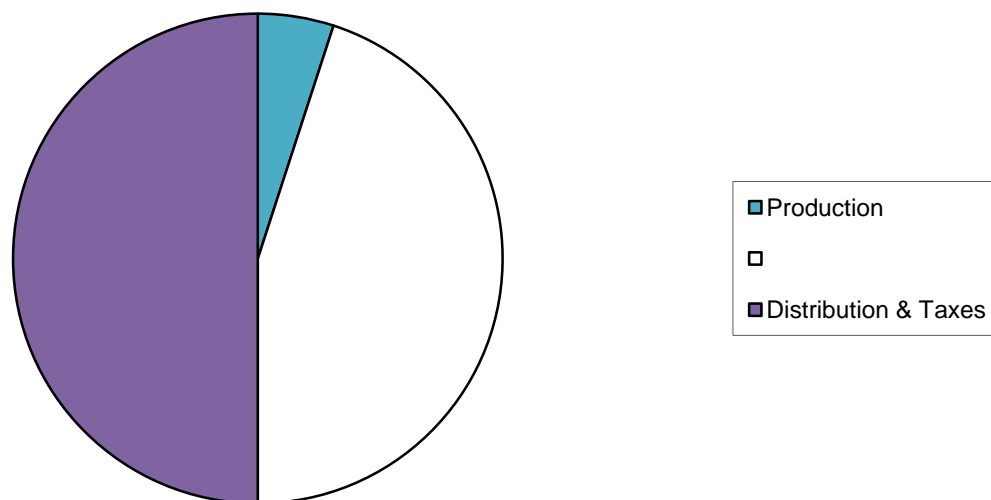
Bioequivalence =  $C_{max}$  AUC :

0,8 – 1,25 with CI 90% of Original Drug

(Small therapeutic window : 0.9 - 1,1)



Costs of Generic Drug



# “Generics or Innovation?”

## EBM ou EBM?

- Evidence based **medecine**
- **Eminence** based **medecine**
- **Experience** based **medecine**
- Evidence based **marketing**
- **Eminence** based **marketing**
- **Experience** based **marketing**

# “Generics or Innovation?”

**GOOD MEDECINE**

=

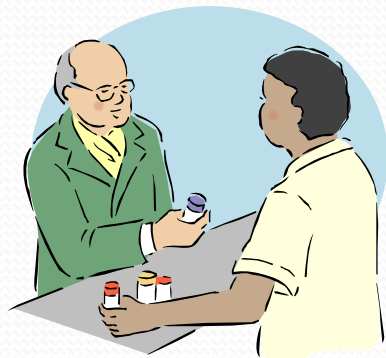
✓ **EVIDENCE BASED MEDECINE**

+

✓ **EXPERIENCE BASED MEDECINE**

+

✓ **PATIENT PREFERENCES**



# **“Generics or Innovation?”**

## **Marketing Glossary**

- **Disease “Mongering”**
- **Condition branding**
- **Direct to consumer advertising**
- **4T rule: Talk-Test-Treat-Today**



# “Generics or Innovation?”

## Marketing Glossary

### Disease “Mongering”

- Invent new diseases
- Extent disease definition
- Risk factors become disease



# “Generics or Innovation?”

## Marketing Glossary

### Condition branding

Key for success:

- Make Condition name memorable & likeable
- Make Condition outcomes become serious
- Make Condition chronic with high prevalence





# “Generics or Innovation?”

## Marketing Glossary

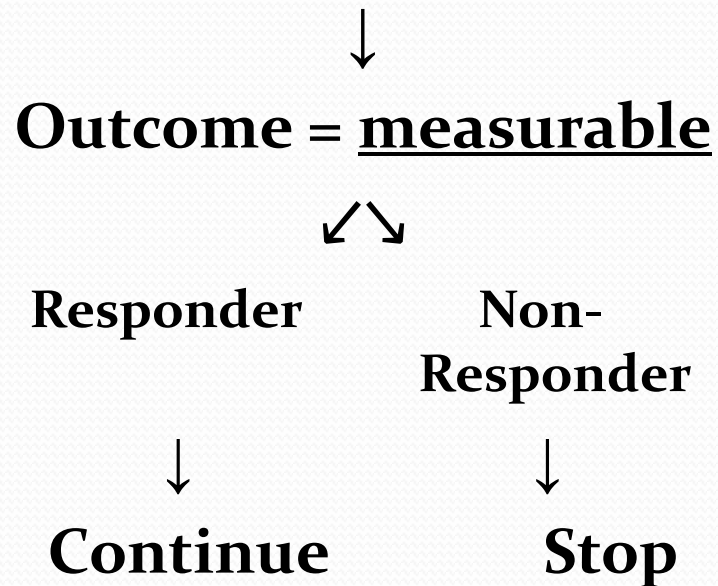
- “Product branding-focused marketing, however, leaves many patients untreated. Patients who do not recognize particular symptoms and medical conditions are less likely to seek medical attention and treatment, especially when their family doctor often lacks the time to probe for each and every possible medical condition. Product branding tells consumers about a solution but not about the problem which the solution addresses. Condition branding educates consumers, physicians and other stakeholders about the problem. We propose that the pharmaceutical marketing paradigm be broadened. Pharmaceutical marketers should build strong condition brands, in much the same way as they build strong product brands. Condition branding facilitates customers' decision-making, contributes to better health and may improve the standing of the pharmaceutical industry, which stands accused of overly aggressive product branding efforts, among other criticisms. When condition and product branding are well coordinated, each enhances the effectiveness of the other, raising patient health and brand sales.”
- **Journal of Medical Marketing 2007;7:341-351**

**Building strong condition brands educates all stakeholders about the problem**

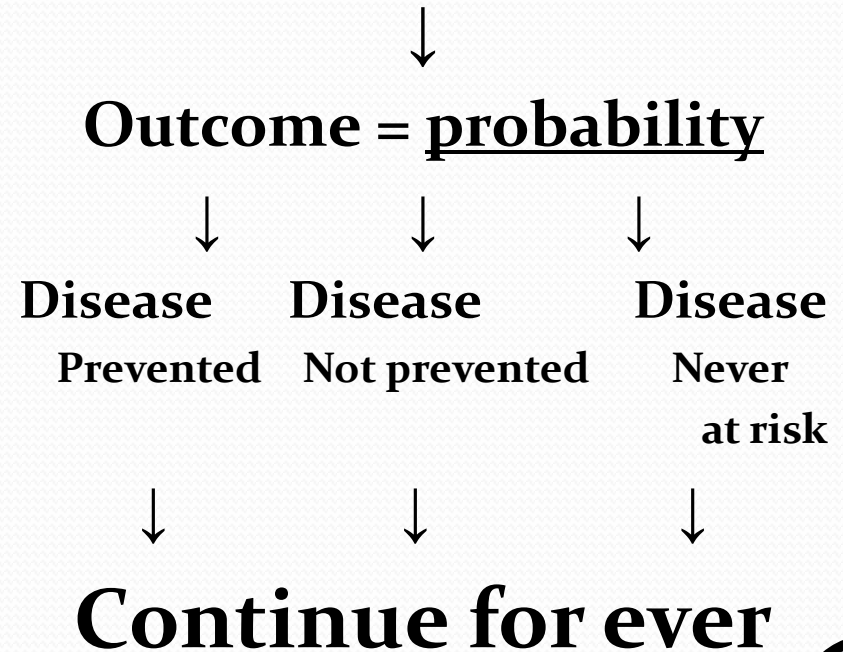


# “Generics or Innovation?”

## Disease treatment



## Risk treatment



# “Generics or Innovation?”



# “Generics or Innovation?”

- **Responsible Partner**
  - Public Private Partnership
  - Health actors
  - Patients
- **Service for Value**
  - Ethics code
- **Long term relations**
  - Invest more in collectivities and less in individuals



# **“Generics or Innovation?”**

**Responsible Partnership as Healthactors**

