

EXECUTIVE SUMMARY

Introduction

Strategic scoping and focus

Key findings

Key growth drivers and resistors facing healthcare payers and pharma

Healthcare expenditure

Healthcare reforms

Regulatory issues

Pricing and reimbursement

Related Reports

Upcoming related reports

HEALTHCARE EXPENDITURE

Healthcare expenditure is growing fast

There are several factors driving up healthcare expenditure across the markets analyzed:

The proportion of public contribution to healthcare is greater in the developed as compared to the emerging markets

However, despite improving economies, the emerging markets like the developed markets, are under pressure to contain costs, leading to implementation of strategies such as price cuts that are impacting pharma companies operating in such markets.

HEALTHCARE REFORMS

Healthcare reforms focus on improving access and cutting costs

The main aim of healthcare reforms in the EU and Japan is to contain costs

France is reforming hospital management to reduce costs

Germany is transferring cost of healthcare onto individuals to rein in spending

Italy has been engaged in a raft of healthcare reforms

Spain's recent healthcare reforms have focused on pricing and reimbursement issues

UK primary care trusts will be phased out

An aging population has necessitated cost-containment measures in Japan

Healthcare reforms in emerging markets will positively impact pharma

Key aims of healthcare reforms in emerging markets include the following:

India plans to expand healthcare services

Healthcare continues to be a priority for Brazil's government

Russia rolls out its 2020 healthcare plan

China is making strides in improving health insurance coverage

Healthcare reforms in the US will largely have a neutral impact on pharma

Healthcare reform has already had an impact on pharma in 2010

Will the healthcare reform law be repealed?

Potential impact of healthcare reform on pharmaceutical sales

Healthcare systems globally are converging towards a similar model

Closes payer-pharma relationships set to evolve

Disease management will become central to payer decisions

Pharma will need to manage both patient and payer expectations

Several key markets are decentralizing healthcare decision-making to increase efficiency

UK's decentralization strategy has raised concerns regarding inequality of access to healthcare services

Italy has already devolved many powers to regions causing inequality in access to care and treatments

Brazil, Russia, and China are also engaging in decentralization strategies

REGULATORY ISSUES

Regulatory changes have a largely negative impact on pharma

Heightened safety concerns continue to impact pharma

- Collaboration between the FDA and EMA is intensifying
- EU ban on direct-to-patient communication guidelines partially relaxed
- Developed markets exhibit a stable intellectual property environment
 - It is generally easier to secure patent protection in the US than in the EU
 - The EU follows the 8+2+1 rule
 - Japan gives branded pharma companies 8 years of data exclusivity through re-evaluation requirement
 - Springboarding allows generics manufacturers to access branded drug data in Australia
 - Loss of Plavix exclusivity in Germany is thought to be an exception
 - The EU's move to a single patent has been held up
- The intellectual property environments in the emerging markets are seen as inadequate
 - Russia's intellectual property environment is characterized by corruption
 - Patent reviews are slow in Brazil
 - Indian law does not contain statutory data protection
 - China is not yet affording adequate data protection for new chemical entities

PRICING AND REIMBURSEMENT

- Key global pricing and reimbursement controls
 - Pricing controls
 - Reimbursement controls
- Pricing and reimbursement cuts were key elements included in austerity measures in many developed markets
 - Patent-protected drugs are spared by Italian price cuts but off-patent and generic drugs suffer
 - Austerity measures in France impact both prices and reimbursement rates
 - Spain's price cuts impact both branded and generic medicines
 - Germany's new law focuses on containing the growth of spending on patent-protected drugs
 - Australia's changing reimbursement landscape puts pressure on local generics sector
 - Japan continues to focus on drug price cutting as its main cost-containment measure
 - US pharma companies are impacted by higher rebates and discounts, but escape Medicare drug price negotiation
 - Pharma shows a strong reaction to price cuts in certain markets
- Pricing pressures are also felt in the emerging markets
 - Brazil is widening free access of drugs to patients
 - China introduces tighter pricing controls on foreign pharmaceuticals
 - Russia has increased its drug price controls
 - India threatens to expand drug pricing controls
 - Branded pharma adopts flexible pricing strategies to capture emerging markets growth
- Raised cost-effectiveness barriers lead to reimbursement restrictions
 - The UK is a difficult market to access for expensive therapies
 - It is becoming increasingly difficult to obtain a high price for new drugs in France
 - Achieving premium drug pricing in Japan is difficult
 - Germany is using cost-effectiveness in its drug evaluations
 - Comparative effectiveness analysis is starting to be used even in the US
- Risk-sharing is becoming a viable option for both payers and industry, particularly in Europe
 - UK is one of the leaders in risk-sharing agreements
 - Italy has a number of performance-based risk-sharing schemes for oncology drugs
 - Risk-sharing schemes are also appearing in the US but in a fragmented manner
 - Australia's risk-sharing agreements lack transparency

Risk-sharing agreements with individual sickness funds are used to boost market share in Germany

Price negotiation may be the way of the future

Value-based pricing in the UK to be introduced in 2014

Germany introduces drug price negotiation

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