



# INDICATION - BASED PRICING

ALIGNING PRICE & VALUE ACROSS INDICATIONS

## i What is It?

Variable pricing for the same product based on perceived value by indication or patient population.

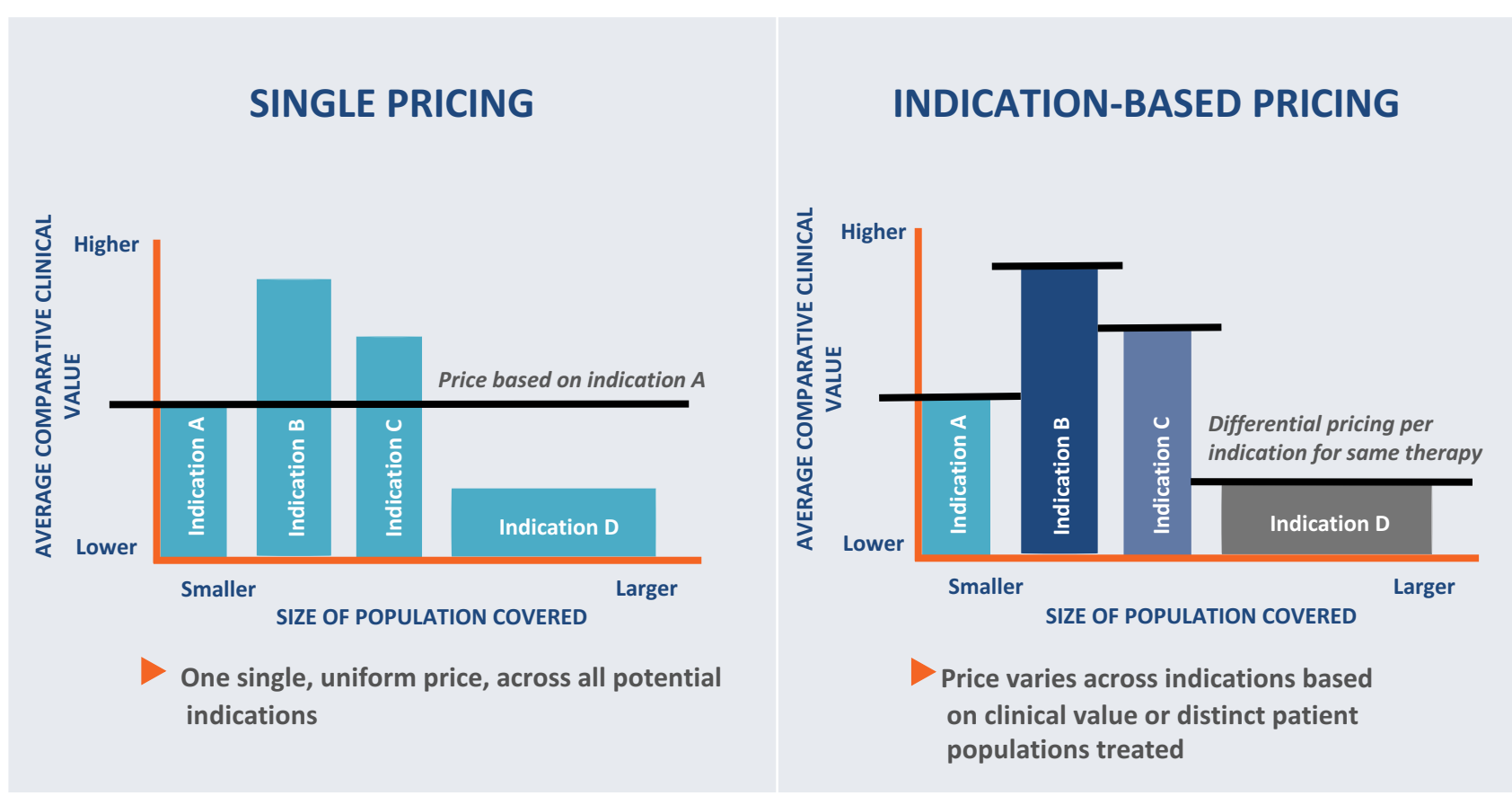
Sounds like a winner, but what do payers think of it?

### + PROs

- enables patient access while balancing budget certainty
- one step closer to value-based pricing and value-based formulary designs
- cost savings opportunities

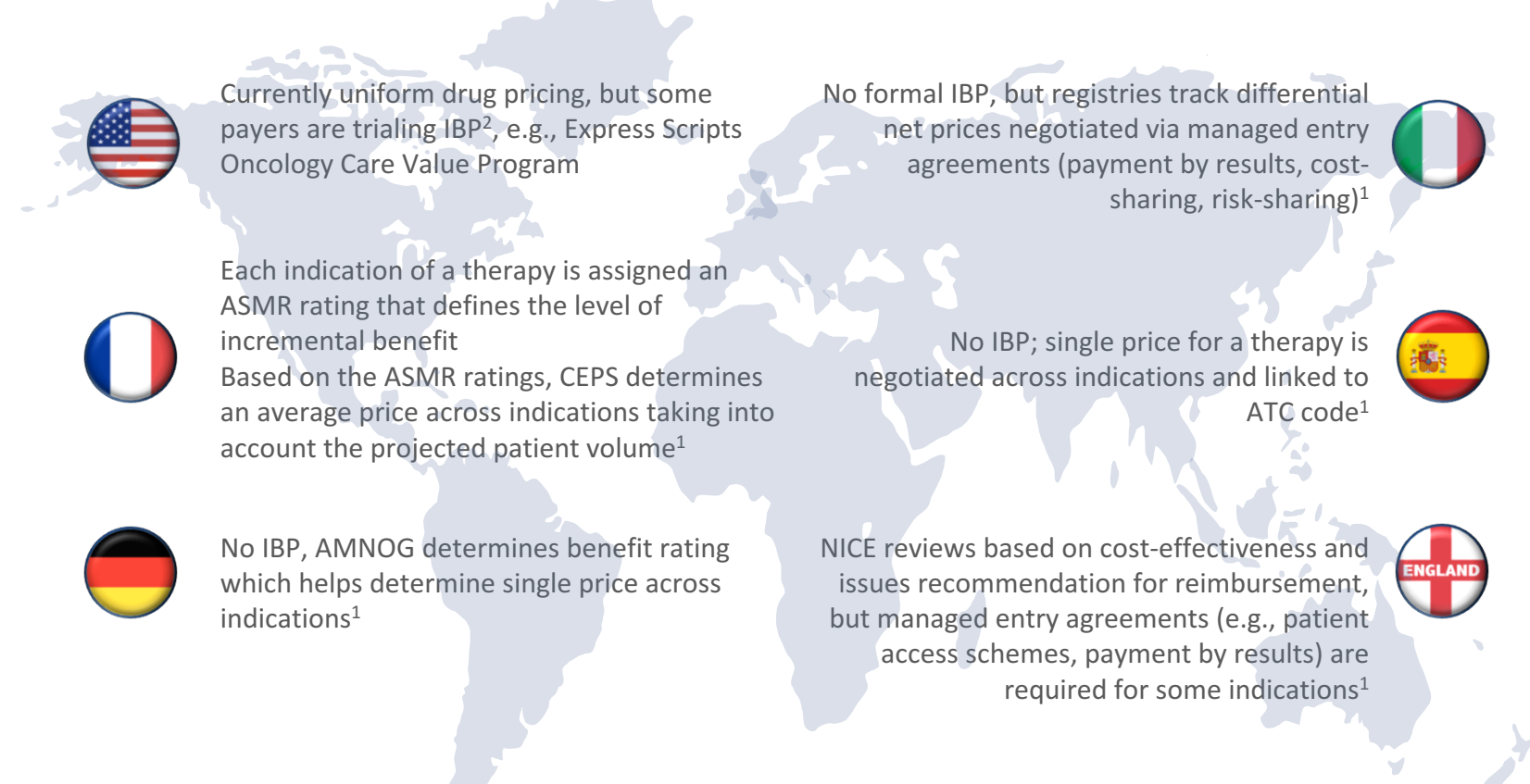
### - CONS

- may not save as much money as expected
- may increase communication challenges relative to benefit design
- administration burden is high



## 🔍 What is the Current Situation?

Payers like IBP because it ensures they are getting value for the right patient at the right time. However, IBP implementation is limited in various countries due to legal, data collection, or billing challenges<sup>1</sup>



### IBP Examples

<ul style="list-style-type: none"> <li>• Same Treatment Marketed as Different Brands</li> <li>• Different Prices for Different Indications<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Same Treatment is Marketed as One Brand</li> <li>• Discounts are Negotiated Per Indication<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Same Treatment is Marketed as One Brand</li> <li>• Weighted Average Price is Calculated based on Usage Across Indications</li> <li>• Potential Rebates<sup>2</sup></li> </ul>
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EXAMPLE: Viagra (erectile dysfunction) and Revatio (pulmonary arterial hypertension)<sup>2</sup>

EXAMPLE: In Italy, risk sharing agreements may be negotiated for different indications of the same drug; usage tracked via registries<sup>2</sup>

EXAMPLE: Australia employs a weighted average price for a drug used across different indications<sup>2</sup>

## ? IBP and Your Commercialization Strategy

- How will IBP impact price and market access for launch indication and indication expansions?
- Are you prepared to demonstrate and communicate your asset value to payers for optimal reimbursement across each indication?
- Have you determined the appropriate price for each indication that would capture the value of a therapy while maximizing patient access and manufacturer revenue?
- Will payers have an increased expectation for managed entry agreements? How will negotiations/ contracting be impacted?
- How will IBP impact incentives for commercializing a drug in additional indications where there is potentially higher or lower clinical benefit for patients?

## Jupiter Can Help You Shape And Communicate The Value Of Your Asset, Navigate Market Access, And Optimize Price

- Payer landscape research
- Value proposition and story creation, tailored to payer type
- Indication based pricing and launch sequence strategy
- Payer engagement strategies

#### SOURCES:

1. Flume M, Bardou M, Capri S, et al. Feasibility and attractiveness of indication value-based pricing in key EU countries. J Mark Access Health Policy. 2016;4(1):30970. doi:10.3402/jmahp.v4.30970
2. Pearson SD, Dreitlein B, Henshall C. Indication-Specific Pricing of Pharmaceuticals in the United States Health Care System: A Report from the 2015 ICER Membership Policy Summit. March 2016



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