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Managing Innovation in the Pharmaceutical Sector





Defining Innovation

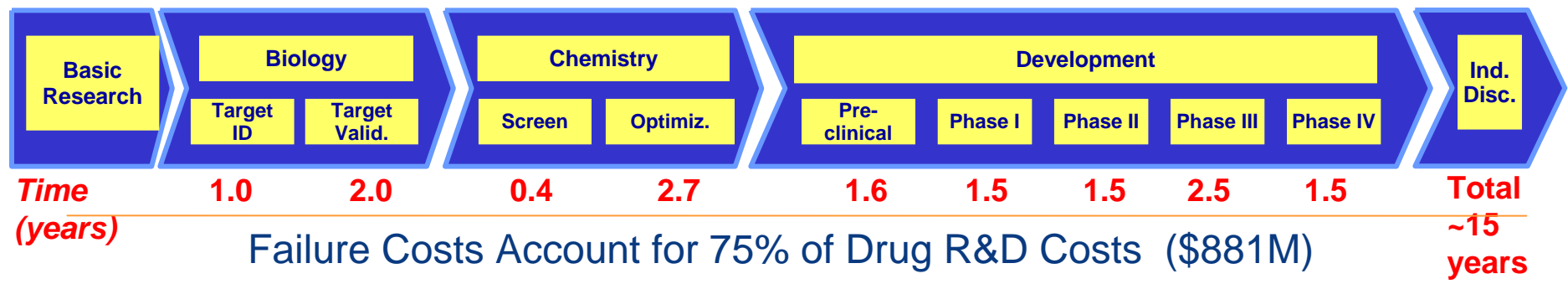
- Static innovation: e.g. EMEA, England, Kennedy review, Germany, Italy France
- Dynamic innovation: a process that maintains a steady flow of new medicines that address unmet medical need

Several kinds of treatment innovation benefit patients

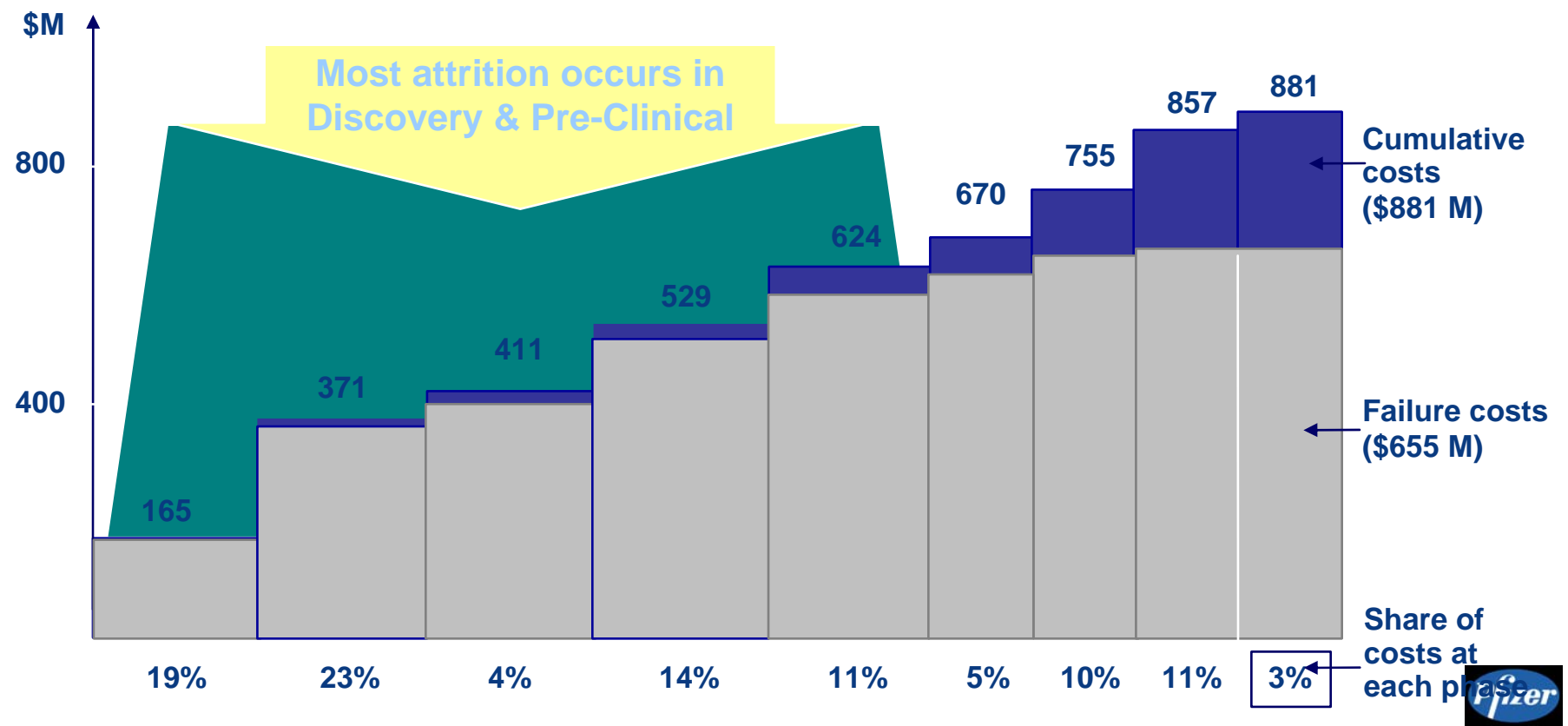
- Incremental innovation in a therapy area e.g. medicines with fewer side effects, or a new route of administration
- New mechanisms leading to breakthrough / radical medicines e.g. new treatments for Cancer and AIDS
- Use of an existing medicine to treat a different disease e.g. Viagra for the treatment of Pulmonary Hypertension



Inventing new medicines and bringing them to the market



Failure Costs Account for 75% of Drug R&D Costs (\$881M)



What do Payers Value and Pay for?

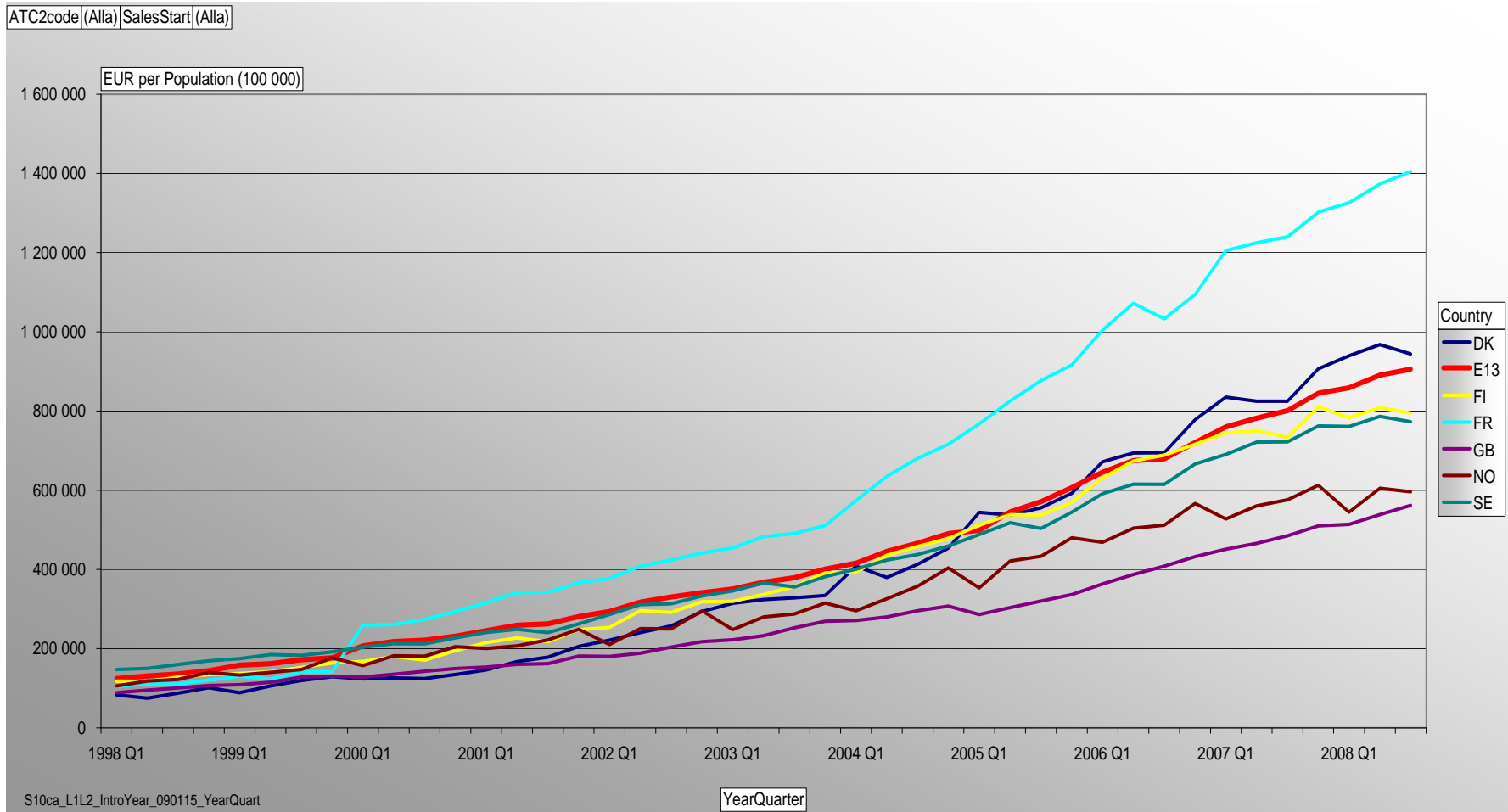
A systematic search was conducted to obtain information on reimbursement decisions for published English language assessments (n=194);

There were sufficient observations (>10) to include Australia, Canada, England and Scotland in the pooled analysis (n=189).

Disease	Recommended Decision	Recommended R* Decision	Not recommended Decision	Total Decisions
Cardiovascular	19 (32%)	27 (45%)	14 (23%)	60 (100%)
Cancer	29 (22%)	51 (40%)	49 (38%)	129 (100%)
Total decisions	48 (26%)	78 (41%)	63 (33%)	189 (100%)

*R = Recommended decision with restriction to clinical classification or patient group.

Use of cancer drugs in Denmark, E13, Finland, France, Norway, Sweden and the UK (GB) 1998-2008.



Wilkin & Johnsson 2008



OECD Survey (2005)* System barriers to implementation

	Not important	Somewhat important	important	Very important
No flexibility in moving resources between budgets	14%	11%	34%	40%
Resources cannot be freed to adopt new technologies	14%	23%	34%	29%
Payment mechanisms discourage uptake	6%	6%	35%	53%
Too few mechanisms to inform providers about policy	26%	9%	37%	29%
No direct benefit to my department	29%	26%	24%	21%

*OECD; The OECD Health Project – Health Technology and Decision Making,; OECD Publishing, 2005

- For a technology to be an innovation it needs to be used. Newer technologies should replace old ones or fill a gap.
- There are barriers to use in the system for medicines with proven cost effectiveness
- These also limit price volume relationship e.g.
 - ◆ Difficulty in donating drugs that get used in systems with no infrastructure
 - ◆ Number of oncologists has a major influence on oncology drug diffusion

Thankyou





Patient population

High

Medium

Low

<ul style="list-style-type: none">•hypertension•g.i. (acid disorders)•arthritis (NSAIDs)•bacterial infection•sedation•analgesia•angina•lipid lowering	<ul style="list-style-type: none">•asthma•anxiety•depression•osteoporosis•prostate hypertrophy•diabetes type 2•male pattern baldness•acne•influenza	<ul style="list-style-type: none">•obesity•dementia•arthritis (disease modifying)•atherosclerosis•periph. vasc. disease•oral peptide delivery•AIDS vaccine•urinary incontinence•stroke/MI prophylaxis•cancers
<ul style="list-style-type: none">•allergies•herpes•haemophilia•Chlamydia infection•emesis	<ul style="list-style-type: none">•epilepsy•migraine•diabetes type 1•endometriosis•thrombosis•fungal infection	<ul style="list-style-type: none">•heart failure•chronic bronchitis•schizophrenia•Parkinson's•psoriasis•drug/alcohol abuse•sexual dysfunction•wound healing•arrhythmias•cirrhosis•hepatitis
<ul style="list-style-type: none">•Gaucher's	<ul style="list-style-type: none">•irritable bowel syndrome•Crohn's disease•ulcerative colitis•unstable angina	<ul style="list-style-type: none">•AIDS•multiple sclerosis•emphysema•cystic fibrosis•transplant rejection•septic shock

Low

Medium

High

Unmet Medical need

