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How much is a medication really worth?

*Éric Baseilhac, Agnès Buzyn, Laurent Degos, Dominique Polton, Christian Saout
Moderator: Yves Juillet*

Medications' prices are known, but what of their value? Cost of production is certainly not the deciding factor. Their value is more closely linked to the therapeutic progress made possible by the medication. It can also be viewed in light of the cost of care for which the medication provides an alternative. Research effort is a factor in a medication's price. Finally, the size of the medication's target population can also have an influence.

1. The manufacturer's price setting method: the great unknown

The rules for price setting by the public authorities are simple and well-known. The methods used by manufacturers to set the prices of their medications, however, are less clear. Medications are the result of a long, risky and costly research process. Twelve years pass between the first investment and market authorization. Failure rates during this process are very high. In this light, price setting is not analytical in nature. Even taking the R&D expenditure into account, prices cannot be set medication by medication, given the high numbers of research paths that are unsuccessful.

2. The manufacturer's price setting method: room for imagination

Since manufacturers cannot clearly and informatively present their medication price setting method, citizens fall victim to their imaginations and to suspecting the financialization of the pharmaceutical sector. Solidarity fund money appears to be misappropriated for capitalistic purposes.

3. The manufacturer's price setting method: other factors

As a private economic operator, the manufacturer takes multiple factors into consideration when setting prices. The idea is not necessarily to derive value from the R&D that was required to create the medication, but possibly to fund R&D for future projects. The manufacturer may also set a price that reflects the product's therapeutic value. Finally, the price may simply be the result of the balance of power between supply and demand. Like the iPhone, a medication's price may be high because there is a market willing to pay it.

4. The United States' role in price setting

The prices of many documents are set in the United States, where the system is unregulated and not all patients have access to the medication under consideration. However, there is a widening gap between the prices used in the United States and in Europe. Luckily, Europe has its own pricing system.

5. The introduction of a new player in the price setting process

In Europe, prices are set by the regulator and the manufacturer. It seems necessary to bring the civil society into this discussion in order to find an optimal balance between the different players' interests. Economic viability and the manufacturer's ability to reinvest can allow a floor price to be set, with the ceiling price being set by what is acceptable to civil society. Between these two limits, the price could vary according to the product's therapeutic value as evaluated by the regulator.

6. Do the prices of medications pose a threat to the ethics of the healthcare system?

Medications allow the cancer survival rate to increase each year. While this observation is in itself pleasing, there has been criticism that an excessively large share of financial resources has been reserved for cancer, whose treatment costs are high. This debate occupies a growing place in France, a country with an equality-based model.