

# 2018 and Beyond: Outlook and Turning Points

Barclays Healthcare Payors, Providers &  
Supply Chain Summit  
Tuesday Sep 25<sup>th</sup>, 2018

Michael Kleinrock, Research Director

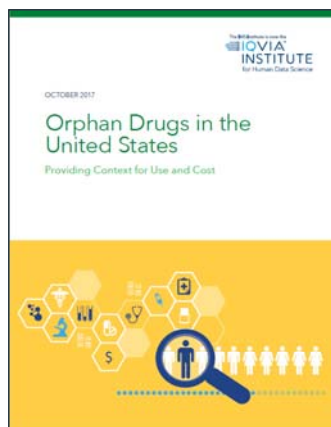
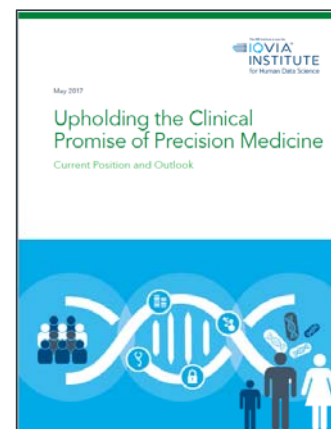


# IQVIA Institute for Human Data Science



The IQVIA Institute for Human Data Science contributes to the advancement of human health globally through timely research, insightful analysis and scientific expertise applied to granular non-identified patient-level data.

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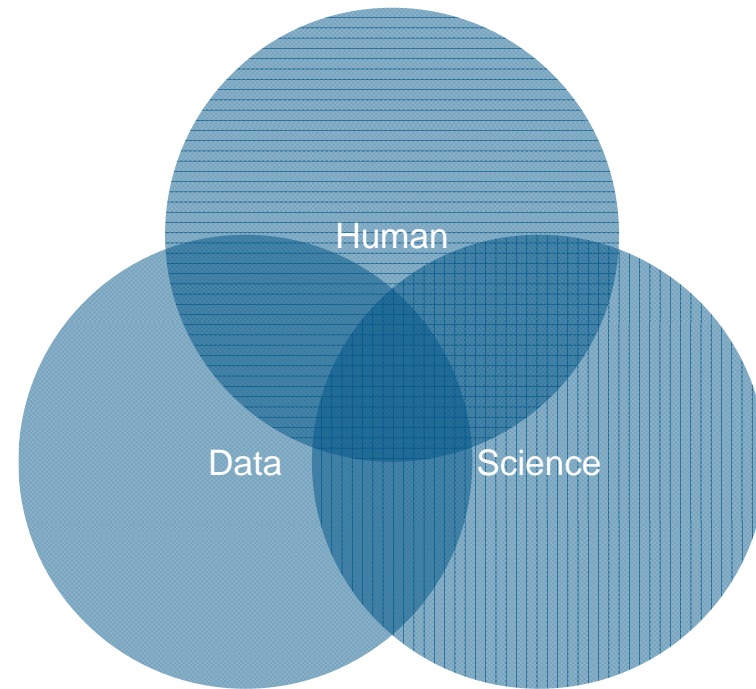
# 10 key turnings points in 2018

*Harbingers of change for the outlook to 2022*

Innovation trends

Medicine Spending Growth Drivers

New Approaches to Value



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Innovation trends

Medicine Spending Growth Drivers

New Approaches to Value

- Real-World Data Use in Clinical Practice Guided by FDA
- Next Generation Biotherapeutics move toward mainstream
- Apps Make Their Way into Treatment guidelines
- Telehealth Usage Surges

# 10 key turnings points in 2018

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Innovation trends

Medicine Spending Growth Drivers

New Approaches to Value

- Branded Medicine Spending in Developed Markets Falls
- Specialty Medicines Drive All Spending Growth in Developed Markets
- Slower Growth in China and Other Pharmerging Markets

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Innovation trends

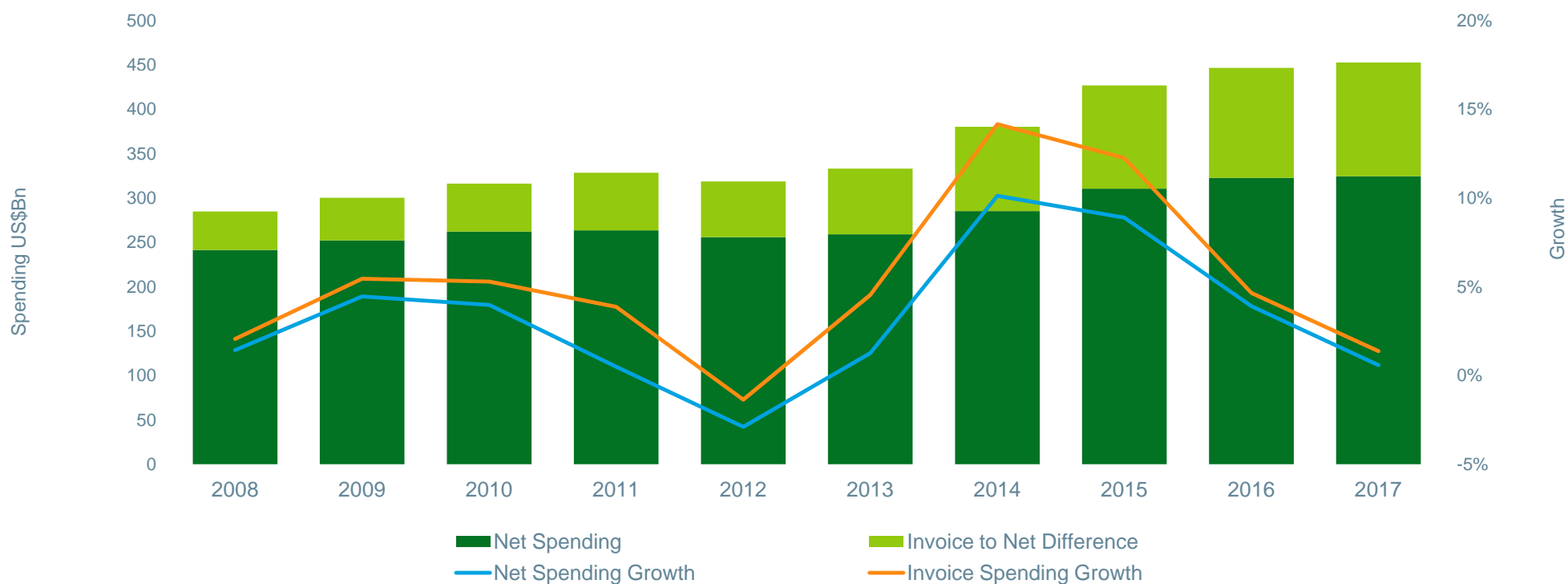
Medicine Spending Growth Drivers

New Approaches to Value

- U.S. Real Net Per Capita Spending on Medicines Steadies
- Outcomes-Based Contracts Find Limited Role
- New Wave of Biosimilar Market Opportunities Emerges

# Medicine Growth in the United States Slowed to 0.6% in 2017 on a Net Basis

*Total Spending on Medicines and Growth US\$Bn*



Source: IQVIA, National Sales Perspectives, IQVIA Institute, Dec 2017

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# U.S. Real Net Per Capita Drug Spending and Growth

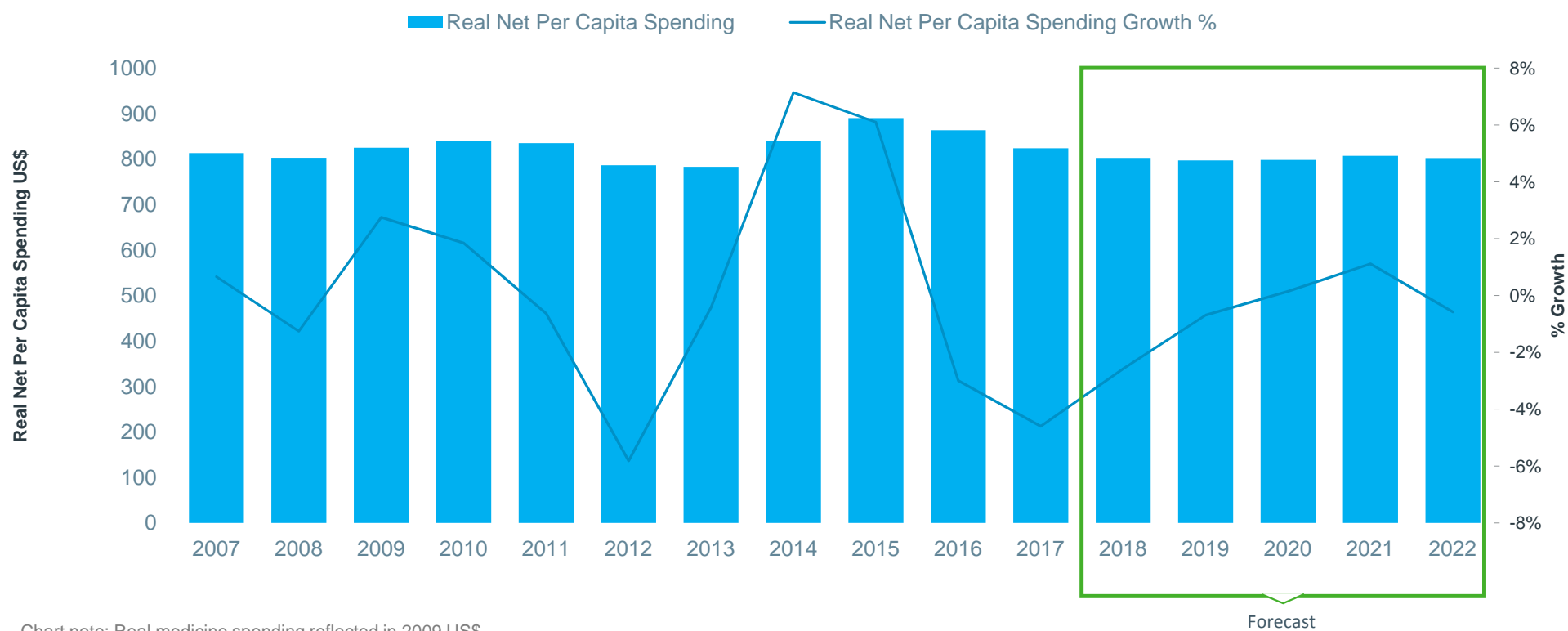


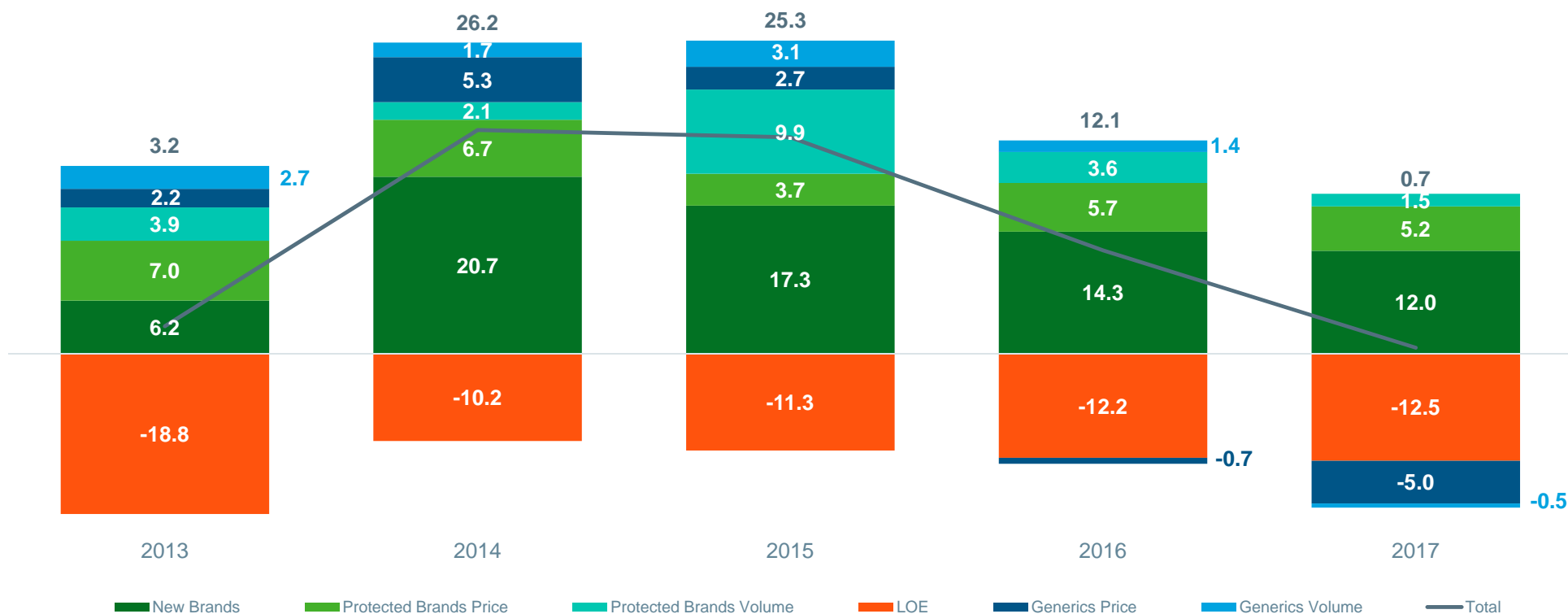
Chart note: Real medicine spending reflected in 2009 US\$

Source: IQVIA, Market Prognosis Sep 2017; IQVIA Institute; US Census Bureau; US Bureau of Economic Analysis (BEA), Dec 2017

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# Growth Fell to \$0.7 Billion as New and Protected Brands Grew \$4.9 Billion Less than in 2016, and Generics Declined by \$5.5 Billion

*Net Spending Growth by Product Type US\$Bn*

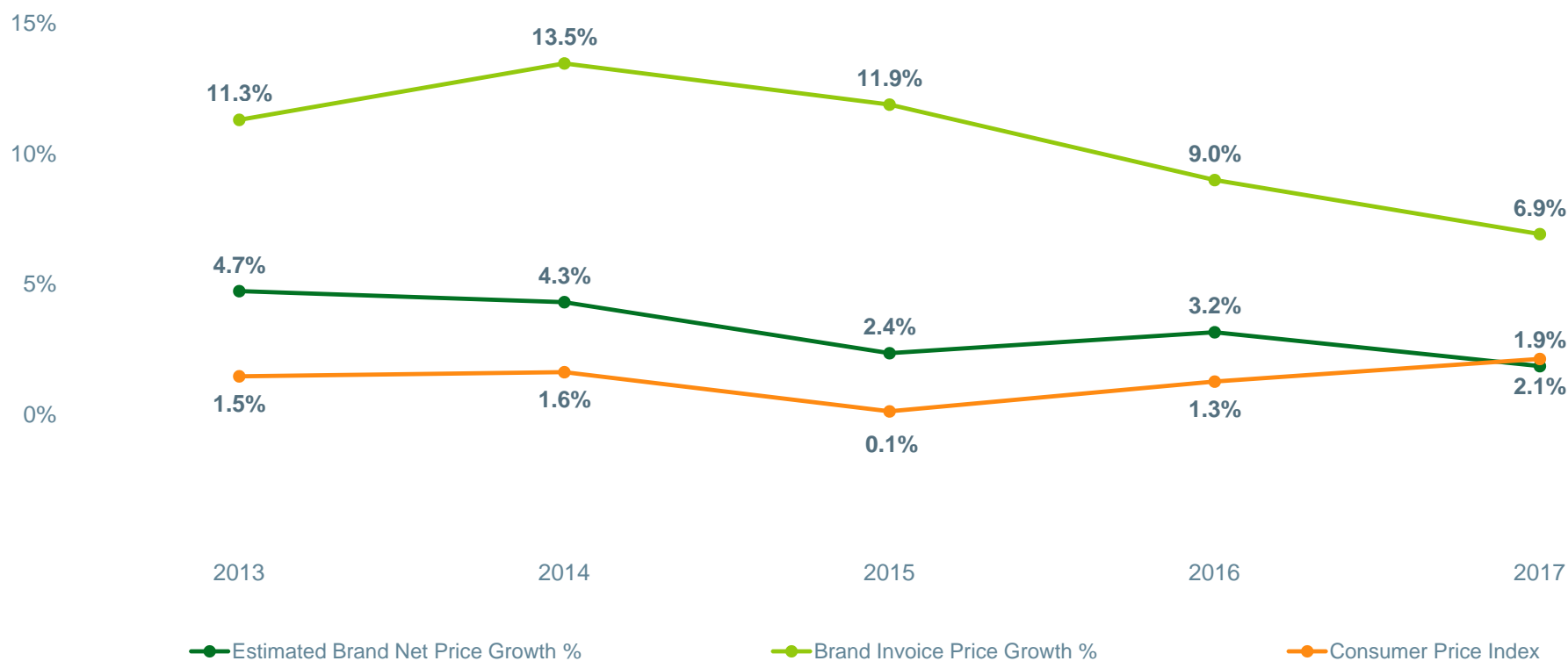


Source: IQVIA National Sales Perspectives, IQVIA Institute, Dec 2017

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# Protected Brand Net Prices Increased by 1.9% on Average in 2017, Continuing Below Invoice Price Growth and Now Lower Than Inflation

*Protected Brand Invoice and Net Price Growth %*

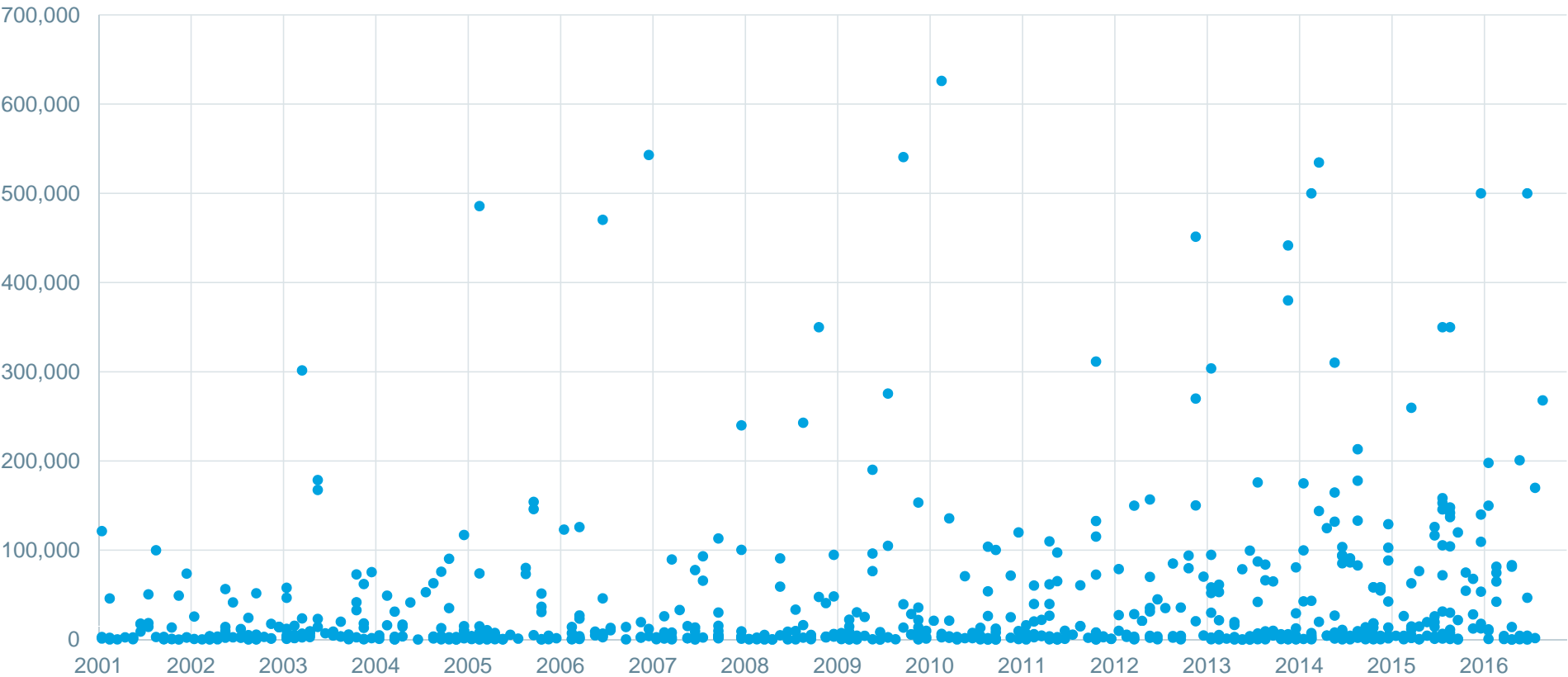


Source: IQVIA National Sales Perspectives, IQVIA Institute, Dec 2017

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# More of Recent U.S. Brand Launches Costs Above \$100,000 per Year

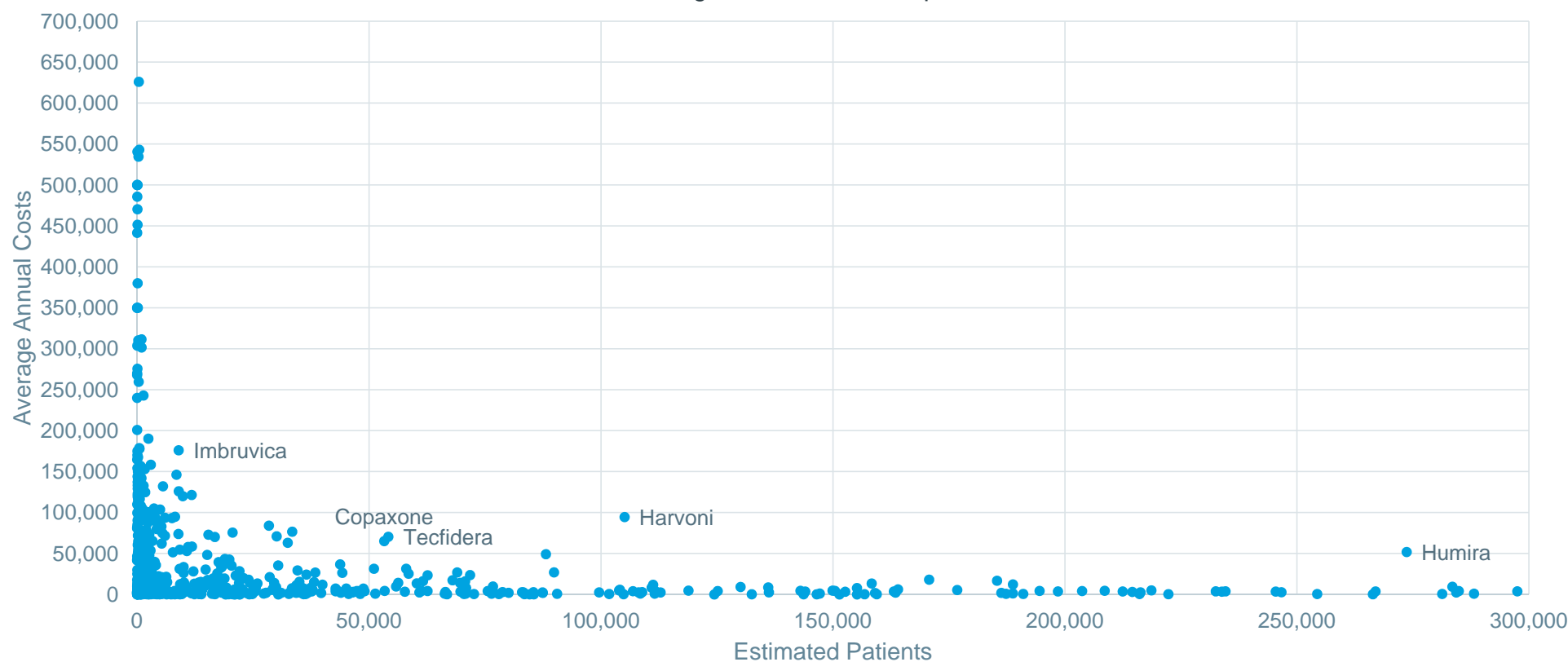
Average annual costs of US brand launches by year



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# High Costs Correlate with Lower Volumes with Very Few Exceptions

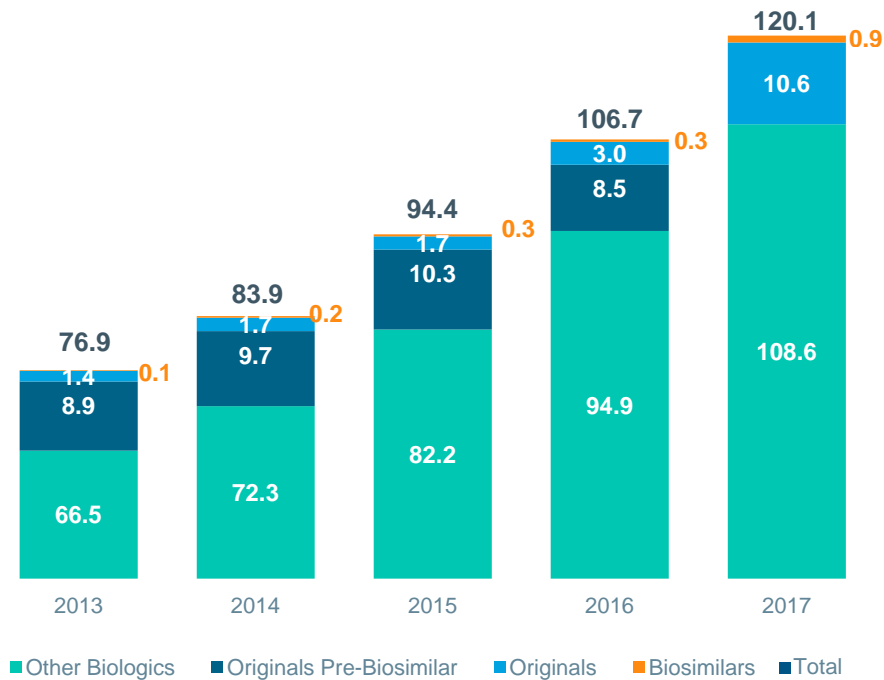
Average annual costs and patient estimates



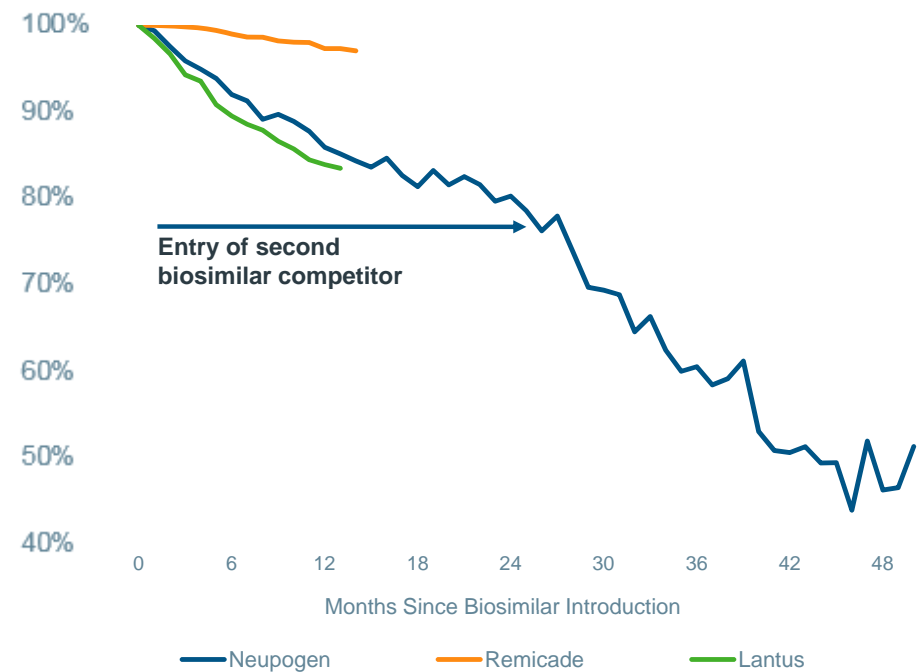
# Biologics Growth Continues, and Biosimilars Now Compete for Market Share Among Medicines with \$11.5 Billion in Spending

## Impact of Biosimilars

Biologics Net Spending US\$Bn



Original, Volume Share of Standard Units Since Biosimilar Introduction



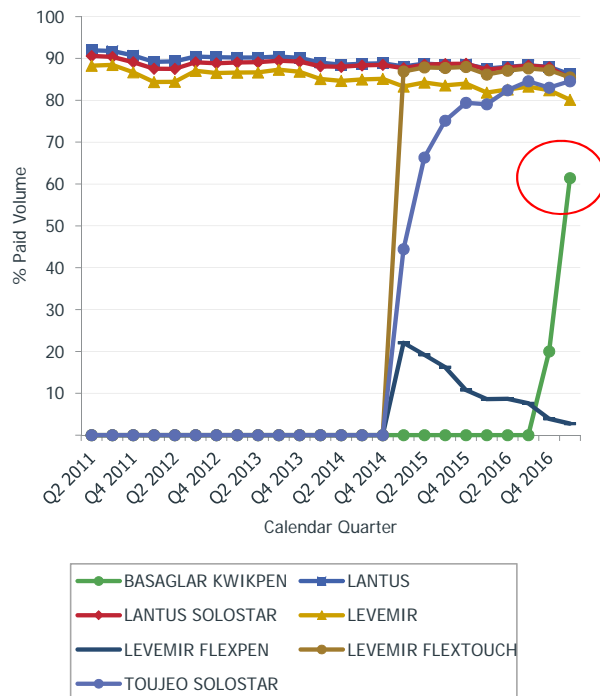
Source: IQVIA National Sales Perspectives, IQVIA Institute, Dec 2017

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## There are important variations by the type of reimbursement

Biosimilars in the U.S. have been either buy & bill or traditional pharmacy, specialty still to come

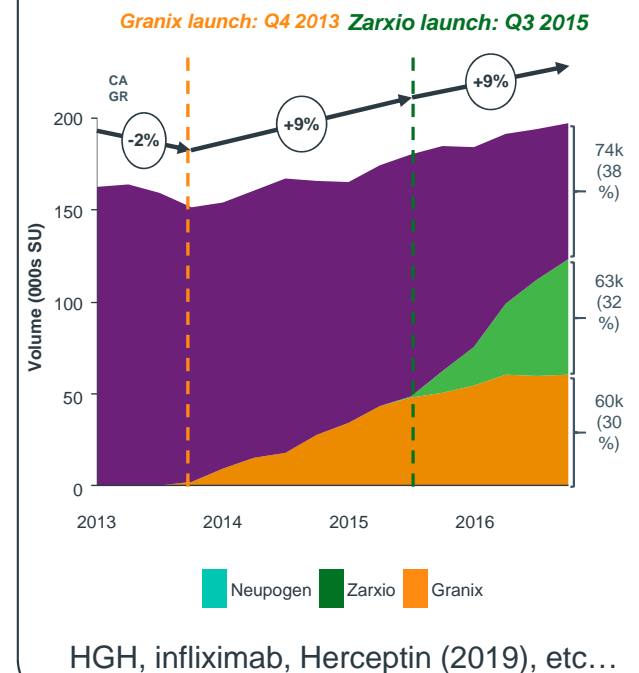
### Traditional Pharmacy: Lantus



### Specialty Pharmacy






- Humira not until 2019
- OOP not a major factor
- Payer economics be critical
- Payer (in)ability to direct patient flows without “substitutability” will be a key trigger
- Originator defense to be expected
- Therapeutic substitution to biosimilar from other originator biologics in the class is unlikely

### Buy & Bill: Filgrastim



# Significant Advances in Technology and Use of Information Will Impact Treatment Over the Next Decade

## *Key Elements of Expected Technological Advances Impacting Treatment*

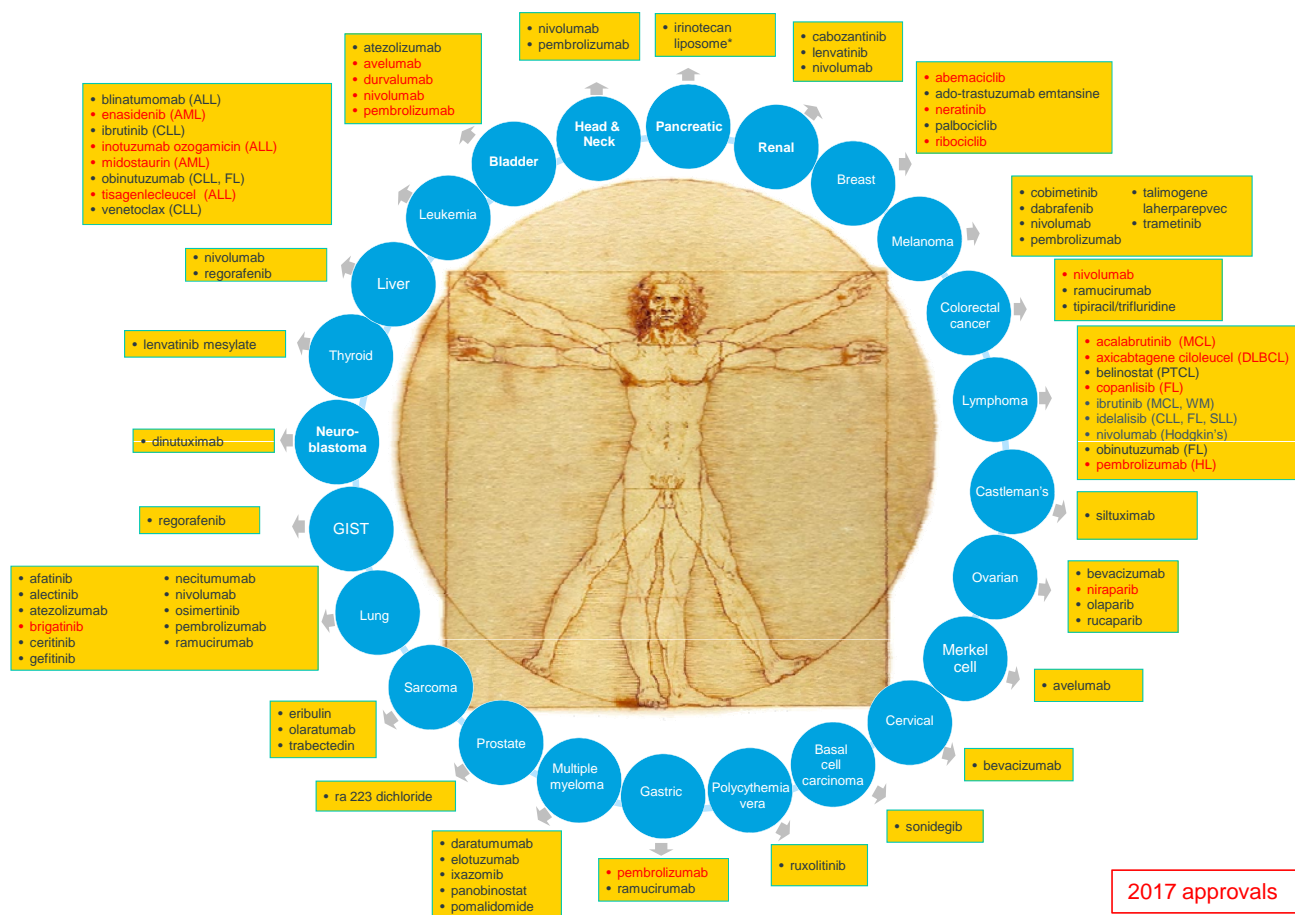
				
Pharmaceuticals	MedTech	Artificial Intelligence	Real-World Data	Consumer Health
Immuno-Oncology	Surgical Robotics	Clinical Diagnostics	Growing Use of RWE for Regulatory	Apps for Wellness and Condition Management
Personalized / Stratified Therapies (Cell/Gene Therapy)	3D Printed Implants	Drug Discovery	Expanded Use of Cancer Registries and Open Data Across Countries	Telemedicine / Virtual Physician Visits
Other New Small Molecule Mechanisms of Action	Implanted Drug Delivery Devices	Treatment Selection		Connected Biometric Sensors
Imaging				

Source: IQVIA Real World and Analytics Solutions, Mar 2018

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# New Active Substance Launches in Oncology 2013–2017 by Indication

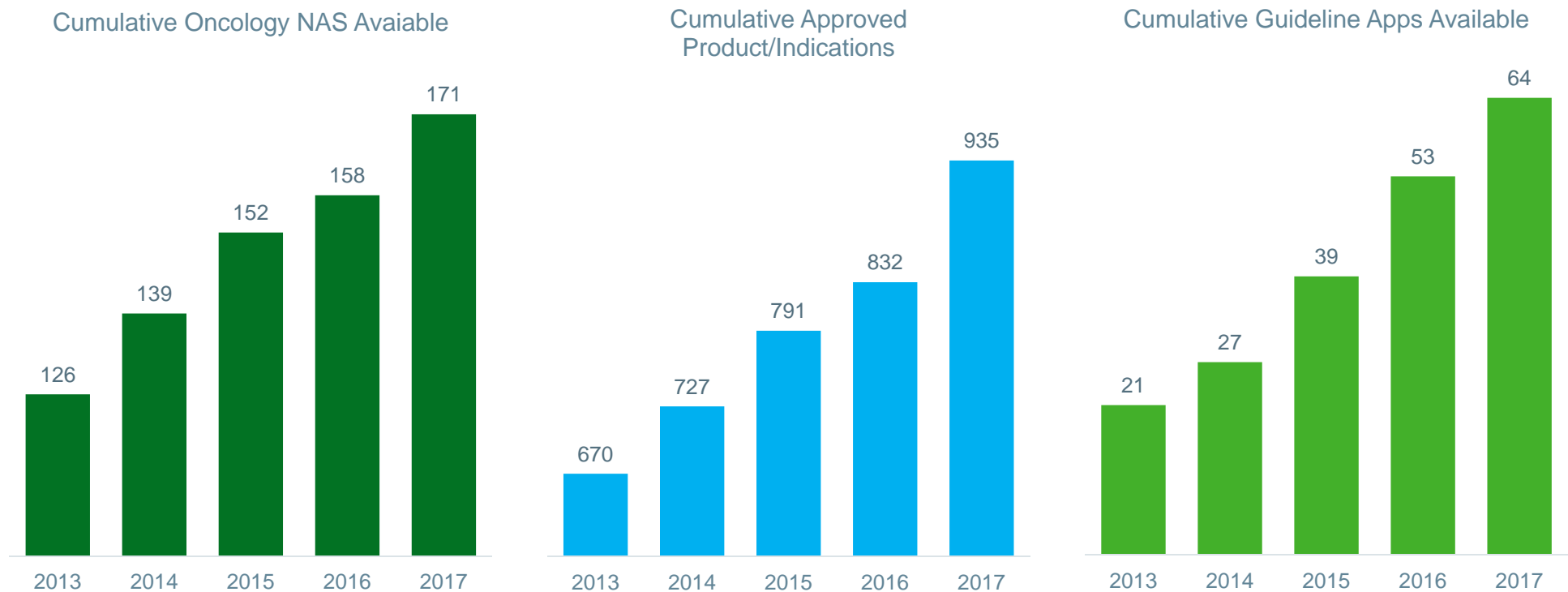


Source: QuintilesIMS, ARK R&D Intelligence, Apr 2018; QuintilesIMS Institute, Apr 2018

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# The Growing Complexity and Rapid Evolution of Treatment Protocols has Prompted the Development of Reference Apps

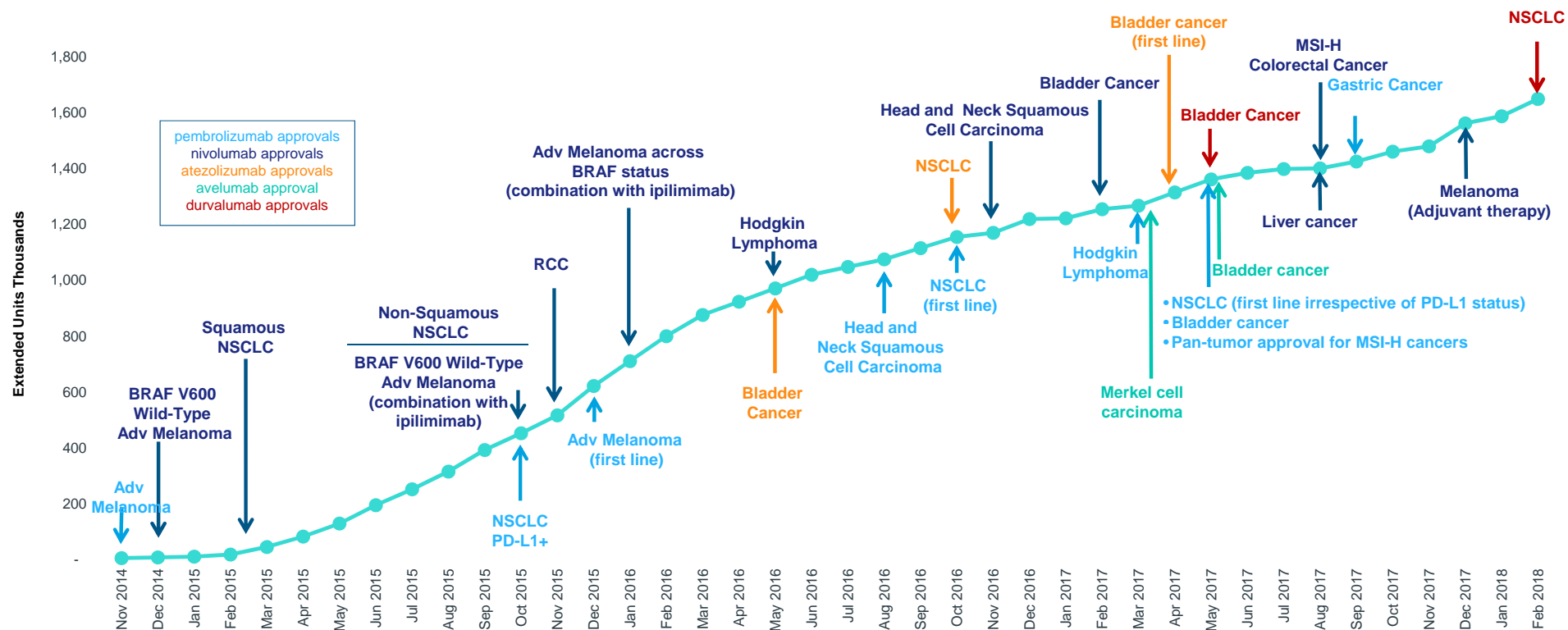
*Oncology New Active Substances, Approved Product/Indications, and Medical Guideline Apps*



Source: IQVIA, IQVIA Institute, ARK R&D Insight, IQVIA AppScript, Apr 2018

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# Immuno-Oncology PD-1 and PD-L1 Inhibitor Uptake in the United States includes many tumor approvals



Source: U.S. FDA, IQVIA, National Sales Perspectives, Feb 2018; IQVIA Institute, Apr 2018

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# Reimbursement for Doublets in Particular are Triggering New Approaches by Payers

## *Reimbursement for Doublets*

### Clinical Efficacy vs. Comparator

- Payer approach to assessing combination regimens is well established, primarily focused on clinical efficacy vs. standard of care, and the cost of that clinical benefit.
- Payers are not generally focused (yet) on efficacy and cost comparisons of each single ingredient.

### Cost of Combination

- While the cost of some combination regimens are beginning to receive attention, negative health technology assessment results are still associated with a regimen value for money exceeding established thresholds.

### Ownership and Ability to Negotiate

- Single company ownership of drugs in a regimen simplifies negotiations with payers.
- In the absence of a discounted price, some regimens will not be deemed cost effective and will not be available in those countries.

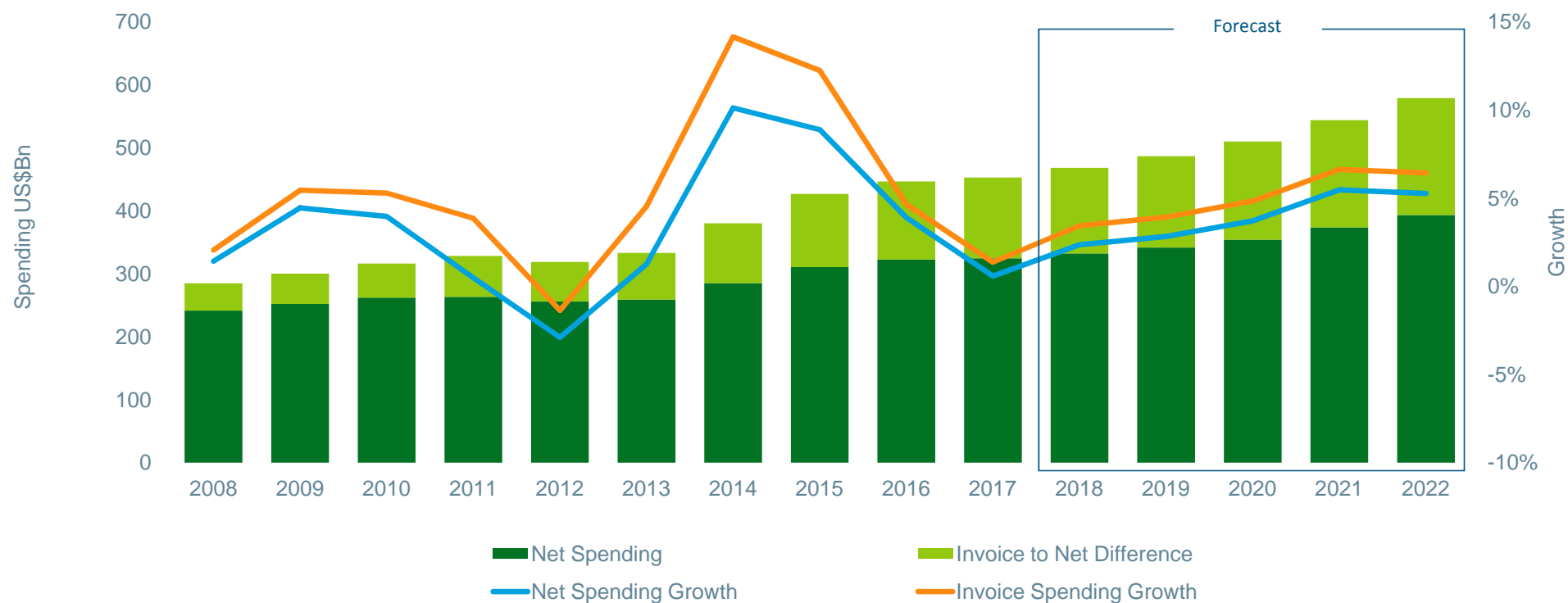
Source: IQVIA Real World and Analytics Solutions, Dec 2017

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## Outlook to 2022

# Net Total Spending Growth will Average 2-5% Over the Next Five Years While Invoice Growth will Average 4-7%

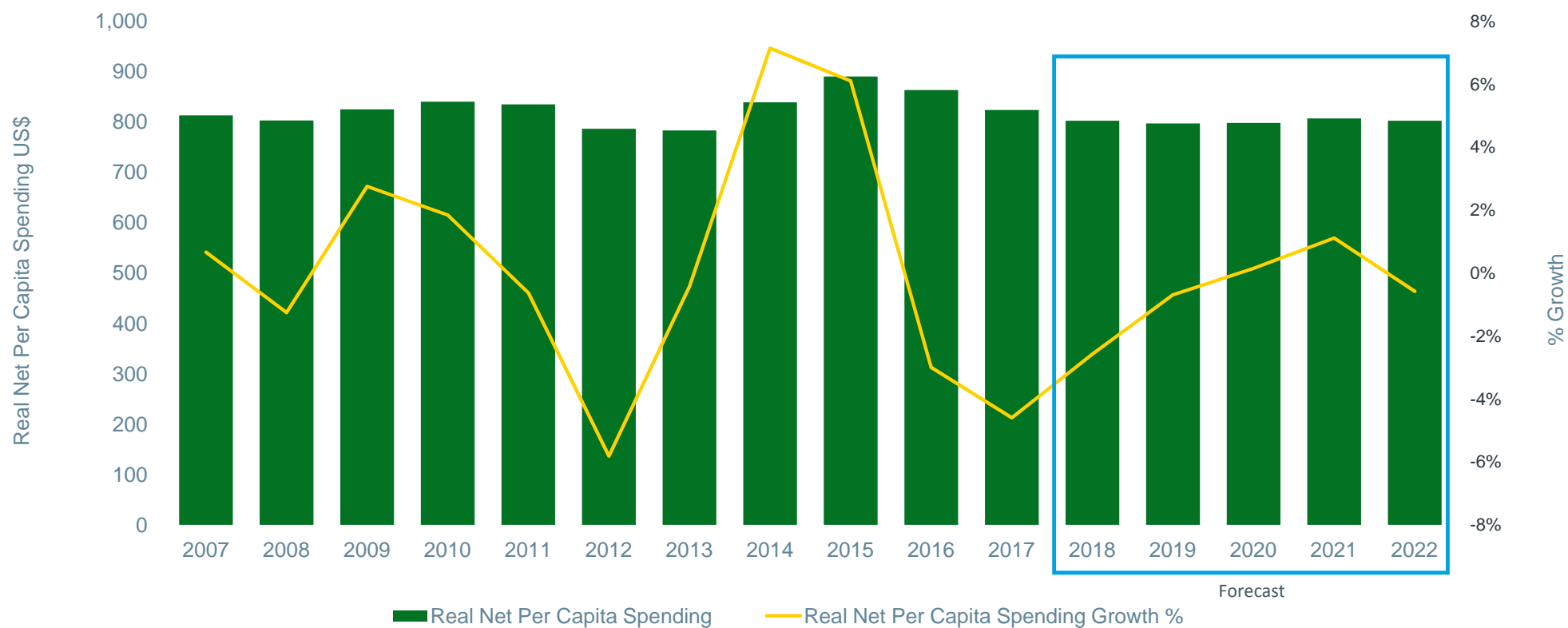
*Total Spending on Medicines, Growth and Outlook to 2022, US\$Bn*



Source: IQVIA Market Prognosis, IQVIA Institute, Mar 2018

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# U.S. Real Net Per Capita Drug Spending and Growth

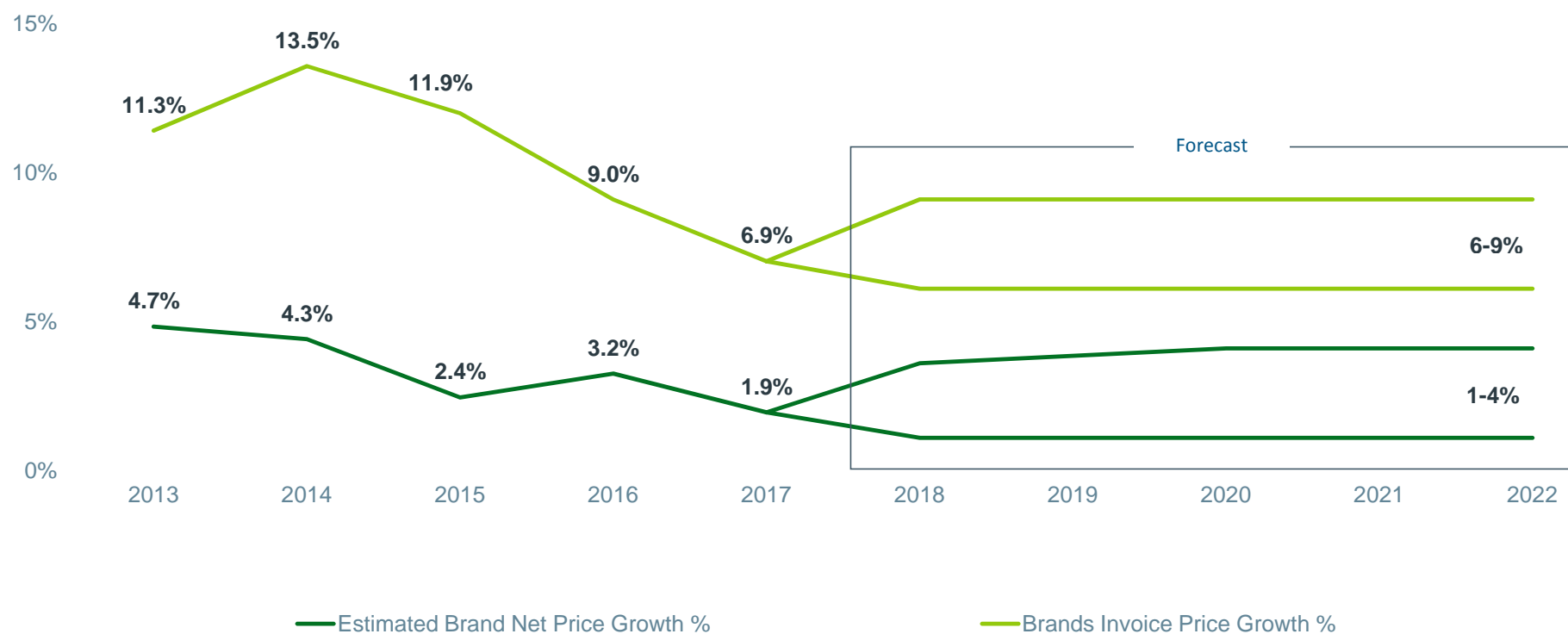


Source: IQVIA Market Prognosis Sep 2017; US Census Bureau; US Bureau of Economic Analysis (BEA), Dec 2017; IQVIA Institute; Feb 2018  
Notes: Real medicine spending reflected in 2009 US\$

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# Net Price Growth for Protected Brands is Forecast to be 1-4% Through 2022

## *Protected Brand Invoice and Net Price Growth*



Source: IQVIA, National Sales Perspectives, IQVIA Institute, Mar 2018

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**Thank you**