FINDING THE KEY TO OPEN ACCESS

Pricing an oral formulation for a bioequivalent COPD product

Magnolia market access

A MEDICAL KNOWLEDGE GROUP COMPANY

A commercial-stage biopharmaceutical company asked Magnolia to identify an appropriate pricing model for a new tablet formulation of a successful existing COPD infusion. The tablet was bioequivalent to the infusion, with parallel safety profiles. The tablet would offer better adherence and less waste than the infused medication.

Magnolia was asked to weigh the benefits of **flat vs per-mg pricing**, leverage manufacturer, payer, and patient pain points and critical success factors, recommend a pricing strategy, and implement the pricing plan at launch.

Payers do not pay for convenience

The new formulation would shift patients from a medical benefit product to one covered under the pharmacy benefit. This altered financial planning, strategy, and tactics. Payers interviewed did not see improved convenience as justification for premium pricing. Utilization management and contracting strategy was likely.

In this therapeutic area, payers preferred flat predictive pricing

Flat pricing simplifies payer contracting and allows them to predict costs for formulary uptake. Per-mg pricing is viable, but dosing variation and titration complicates formulary committee assessment of the value of a therapy.

Magnolia recommends 25% pricing premium to the original therapy + a 9% to 12% rebate

Magnolia recommended flat pricing with a 25% price increase for the pill over the infused product. While not a substantial increase in revenue, the product profile did not warrant significantly higher pricing. Additionally, in this crowded space, commercial and Part D plans were seeking rebates, which would likely range from 9% to 12%.

Magnolia also recommended additional data collection and an expansion of the value proposition to show that tablet use could increase patient adherence, which could improve outcomes and reduce the cost of complications.

Client Outcomes

The manufacturer approved the recommended price. Magnolia instituted the pricing strategy and tactics at launch. Revenue projections for both products estimate gross-to-net to be 14%. While formulary uptake has been positive, additional analyses are being conducted to support future contract negotiations in this crowded space.