

Pharmaceutical Pricing in Iceland
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Who am I?

General Manager for Denmark and Iceland

- >25 years of Industry experience
- Worked in Australia, Indonesia, UK, Switzerland and Global Marketing
- International background and perspectives, including Global Pricing and Health Economics
- A "fan" of Iceland!
- Deeply concerned for the well-being of patients
- But also a realist and a pragmatic business person representing a global company and its shareholders

About Roche

- World' s largest supplier of Cancer medicines
- World' s leading Biotechnology company
- Also a world leader in Transplantation anti-organ rejection drugs, Cystic Fibrosis, Hepatitis and influenza (TAMIFLU)
- Arguably the Industry' s best new product pipeline
- Conducting clinical trials in Iceland e.g. AVASTIN in Lung Cancer
- Heavily involved with post-graduate education of the medical community in Iceland

Pricing:

Under the prevailing circumstances should Iceland care?

- The economic pressures are obvious
- Recovery will take many years
- The Pharma Industry needs long-term security to recover its high investment in researching and developing innovative medicines and technologies
- Stable policies are needed to encourage and retain investment
- Respect for patents is important & Iceland is a country priding itself on innovation
- It takes a few days to decide to pull out, but many years to decide to return
- In my opinion Icelandic patients and their health also deserve to be

Pricing:

No country can act in isolation!!

- Pricing is an international issue
- No country can believe that it can drive its own pricing structures without influencing others
- Parallel trade and reference pricing are an increasing reality, eroding prices at a time when R&D costs are at record highs!
- Exchange rate movements can create unexpected differences in prices
- The impact of pricing on the Pharma industry is very significant and growing
- Roche and Novartis have openly discussed pulling out of the UK due to pricing challenges, a poor investment environment and the devaluation of the £
- Even in one of the Top 10 Markets with 60 million people the " 3% are damaging too much the other 97%"

Pricing:

Can Iceland “get away” with cutting prices?

- 20 years ago the answer was probably Yes!
- Today the world is too small, too global to hide!
- New Zealand started cutting prices dramatically in the 1990' s.
- The result?
- Hundreds of jobs were lost. Today there are far fewer jobs in the Industry
- Today fewer clinical trials are placed in the country
- Today many new medicines are simply not introduced and sadly patients suffer as a result!
- The same applies for Australia - products not introduced and infrastructure moved to Asia

Pricing:

Roche's perspective to volatile, short term thinking?

- We have seen a series of “knee jerk”, draconian decisions made without real consultation
- We have seen what were said to be “agreements” reversed at the last minute!
- Roche is a global company. This means:
- We could not accept a generic price level for a newly introduced once monthly tablet for osteoporosis. It basically eroded our patent and created a price that was totally unacceptable. The product will be withdrawn.
- We will not invest money and time maintaining “old” products just for Icelandic demands. We will withdraw them.
- In extreme cases we will have to seriously consider withdrawing products where the price falls below acceptable levels.
- We probably will not introduce new products as it will put at risk prices in other countries
- We will not invest in clinical trials, which are now highly “affordable” in Iceland

Pricing: Roche's perspective

- We are sympathetic to the Icelandic problem and would like to find a long-term structured approach to helping
- Sympathy is rapidly eroded by the behavior we have witnessed!
- Iceland is too small to have any commercial impact on Roche
- BUT: Iceland is too High Profile/ visible to risk prices that expose much bigger markets
- Cutting List Prices is not a sound strategy for Roche or any other company
- The risk of defaulting on payments is a great concern
- The management time taken to manage the Icelandic problem is too much
- There is no credibility with our Head Office when the situation changes on a daily basis!

Pricing: My desire?

- To have an environment where the Pharma Industry can discuss via Frumtök and agree long-term pricing strategies...as has been the case in Denmark
- To have an environment of mutual respect and trust...as we have in Denmark
- To find a solution that balances the needs of Government, Industry and Patients
- Today' s reality is that we are worlds apart!!!



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