

**SESSION III:  
THE SPECIALTY PHARMACEUTICALS  
MARKETPLACE: IS PRICE INELASTICITY  
SUSTAINABLE?**



**Duke Clinical Research Institute**

From Thought Leadership to Clinical Practice

# Headlines



REUTERS

EDITION: U.S.

HOME BUSINESS MARKETS WORLD POLITICS TECH OPINION BREAKING

## Exclusive: Costs to public of \$84,000 hep C drug 'outrageous' - Kaiser

BY DEENA BEASLEY

LOS ANGELES | Wed Apr 2, 2014 3:41pm EDT

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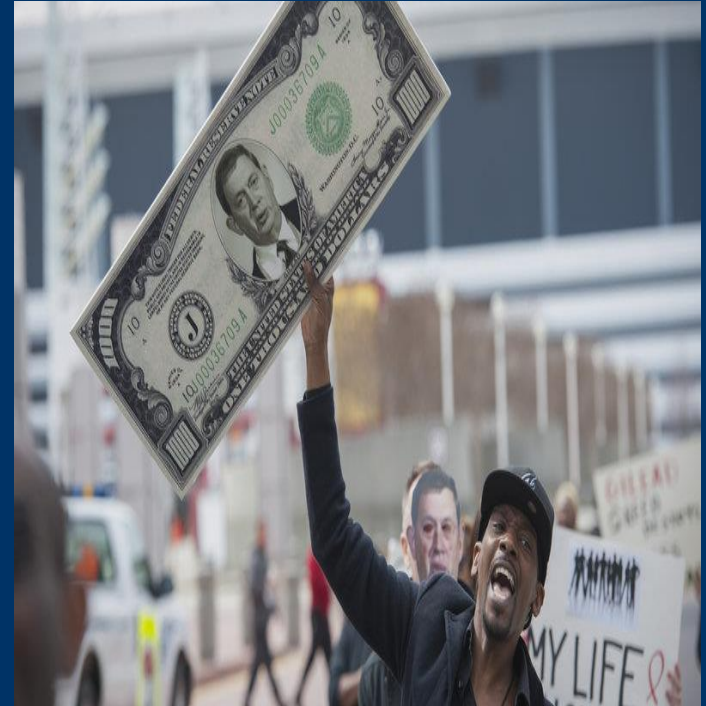
Health »

(Reuters) - Kaiser Permanente, the biggest U.S. health maintenance organization, said it is using [Gilead Sciences'](#) new hepatitis C drug, Sovaldi, even though its \$84,000 treatment price is "outrageous."

The medication is widely viewed as a breakthrough that can cure a majority of hepatitis C patients, often within 12 weeks. Analysts project 2017 sales of \$9.1 billion, according to Thomson Reuters Pharma.

But Gilead has come under fire, from insurers and Congress, for Sovaldi's \$1,000-a-pill price at a time when U.S. healthcare spending is under scrutiny and President Barack Obama's Affordable Care Act aims to make health coverage accessible to everyone.

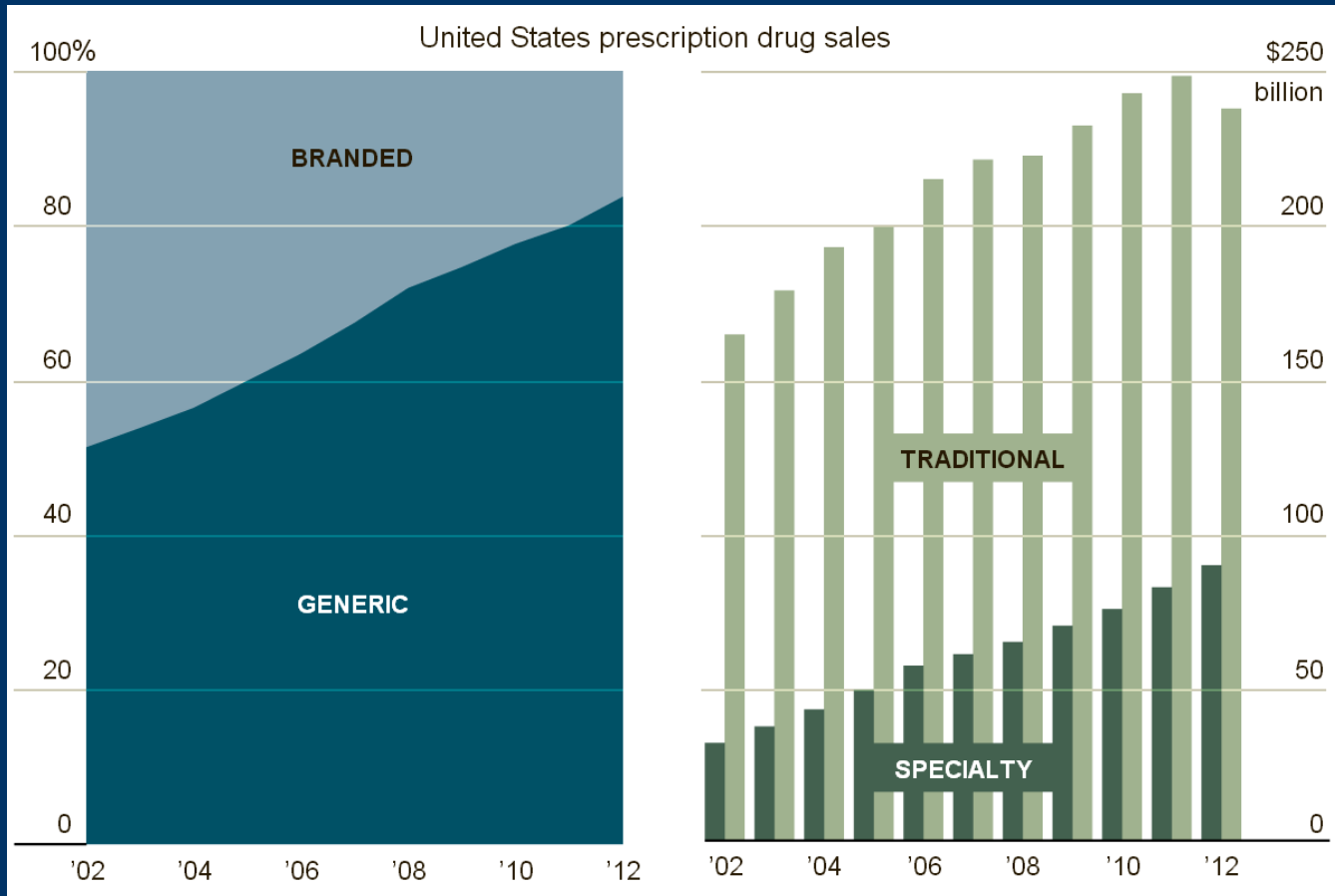
The company says Sovaldi should create huge savings for the healthcare system over time by preventing complications from liver disease and transplants, but declined requests for evidence to back up those claims. A Gilead executive told Reuters last week that it had an agreement to discount the drug for the Kaiser network, based on their recognition of the long-term benefits.



"Exclusive Costs to public of \$84,000 hp C Drug outrageous-Kaiser."  
<http://www.reuters.com/article/2014/04/02/us-hepatitisc-gilead-sciences-idUSBREA311Y120140402>, accessed 2/9/2015

"\$1,000 Pill For Hepatitis C Spurs Debate Over Drug Prices"  
<http://www.npr.org/blogs/health/2013/12/30/256885858/-1-000-pill-for-hepatitis-c-spurs-debate-over-drug-prices>. Published December 30, 2013, accessed 2/10/2015.

# The Rise of Specialty Pharmaceuticals



Expected to be 50% of pharmaceutical spending by 2019

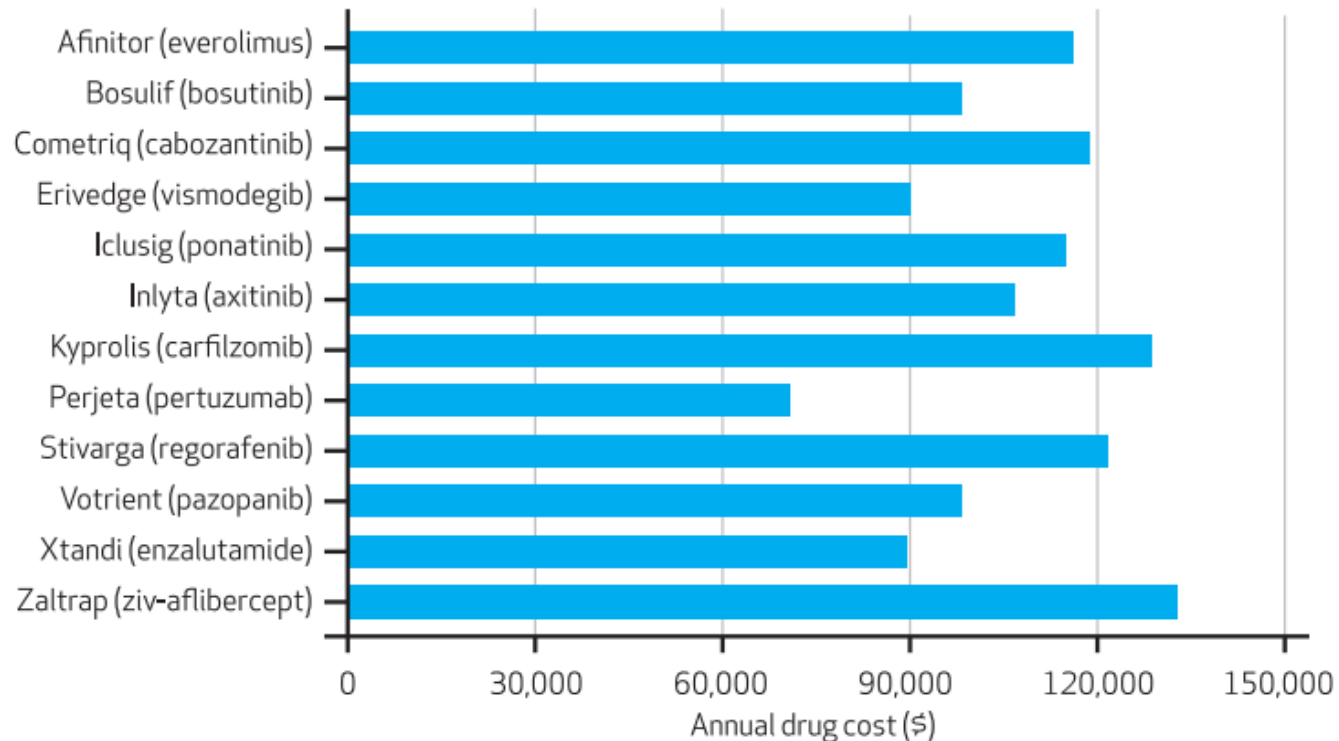
Pharmaceutical spending grew by 13.1% in 2014 to \$374 Billion.

**The New York Times**

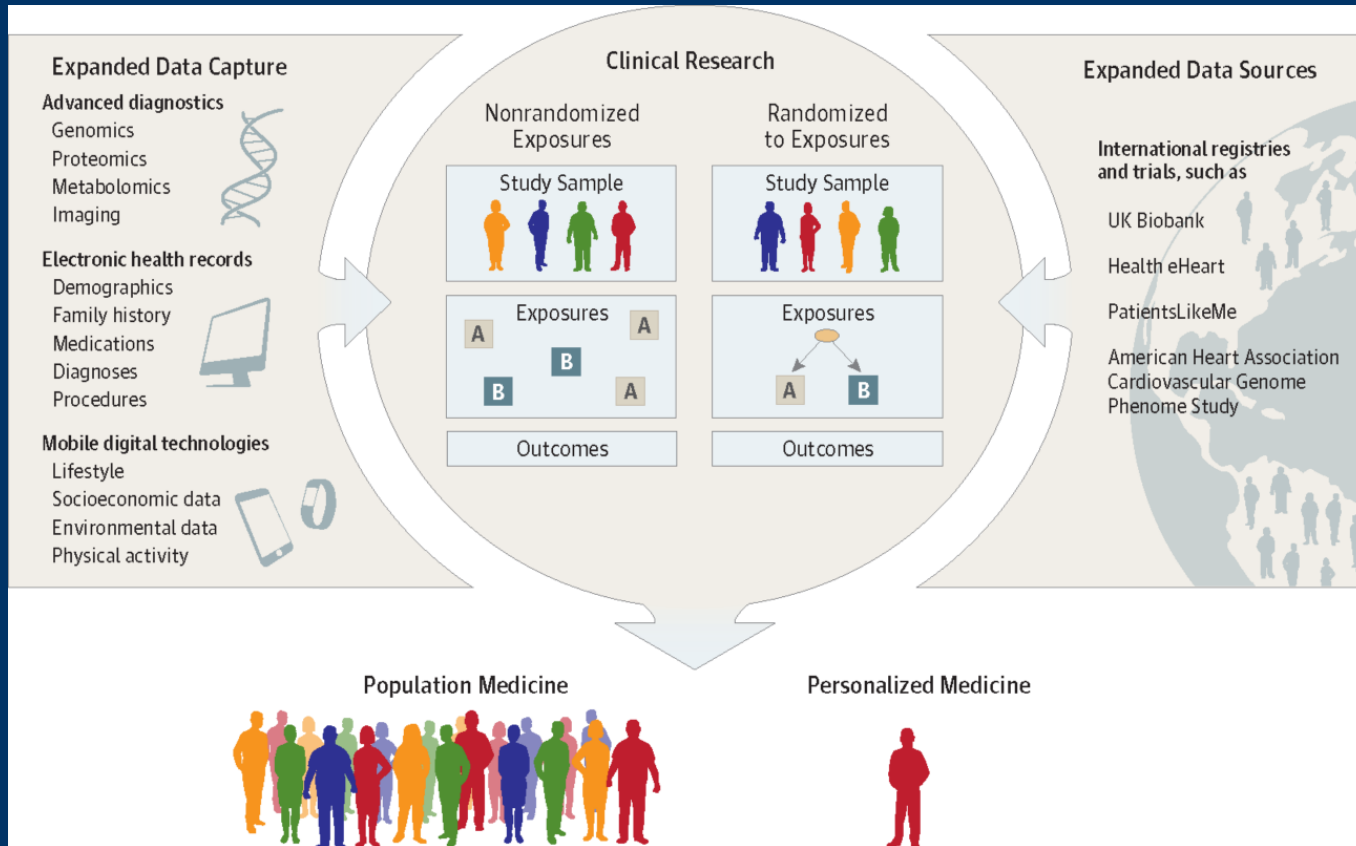
# Specialty Pharmaceuticals

## EXHIBIT 1

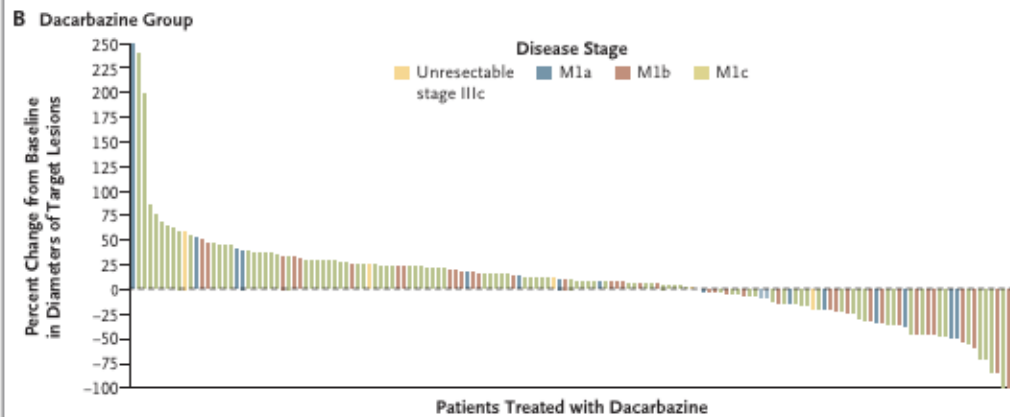
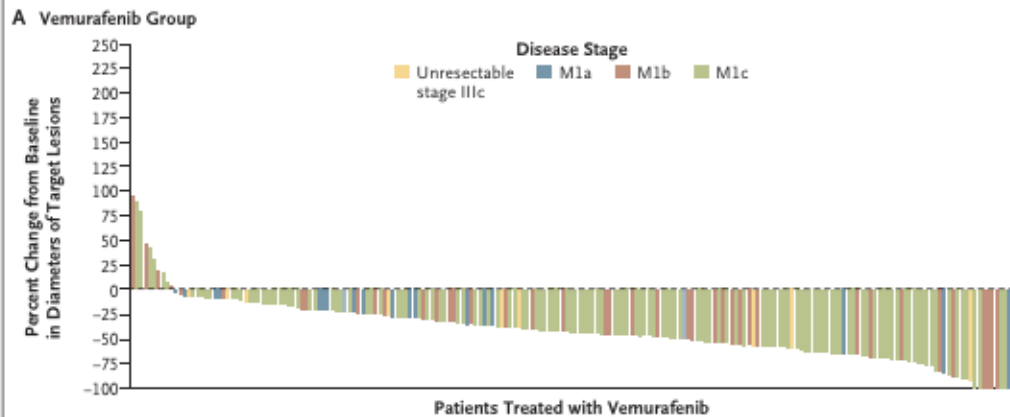
### Annual Cost Of Oncologic Drugs Approved By The Food And Drug Administration In 2012



# Rise of Personalized Medicine

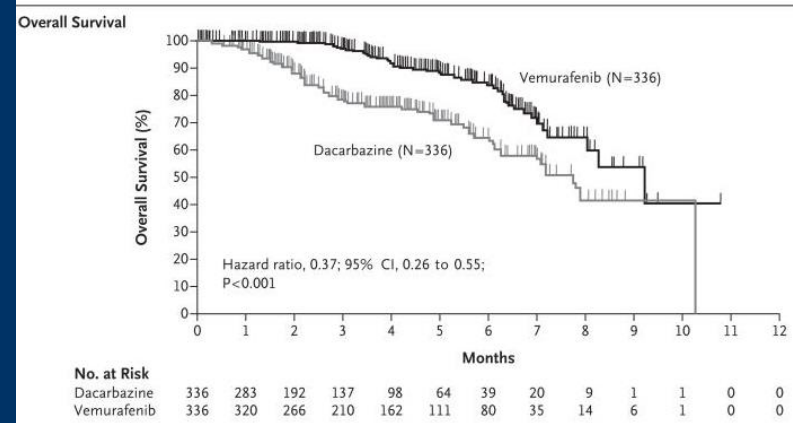


# Personalized Medicine: BRAF V600E Mutation



**Figure 3. Best Tumor Response for Each Patient.**

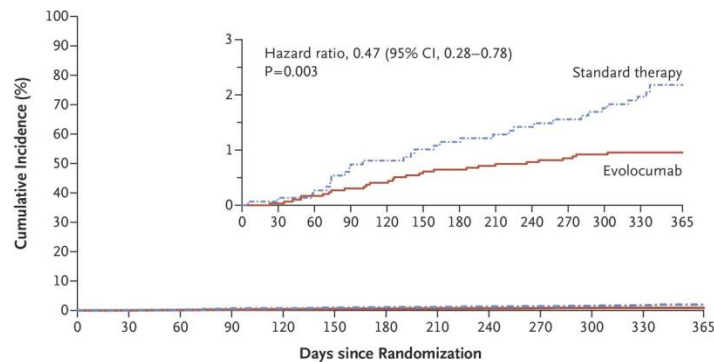
Data regarding the best tumor response are shown for 209 patients in the vemurafenib group (Panel A) and 158 patients in the dacarbazine group (Panel B) who were registered at least 14 weeks before the clinical cutoff date on December 30, 2010, and who had undergone at least one tumor assessment after treatment. Each bar represents data for an individual patient. Colors indicate the tumor substage for each patient. The percent change from baseline in the sum of the diameters of the target lesions is shown on the y axis. Negative values indicate tumor shrinkage.



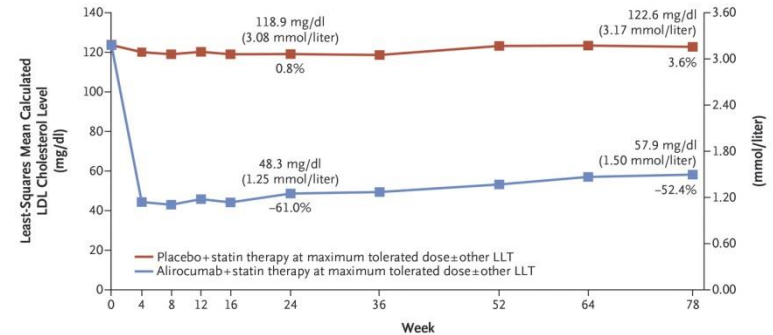
# PCSK9 and Cardiovascular Disease

**Regeneron and Sanofi Announce 18-Month Results of ODYSSEY LONG TERM Trial with Praluent™ (alirocumab) Published in The New England Journal of Medicine**

**Amgen Publishes Safety Analysis Of Investigational Cholesterol-Lowering Medication Repatha™ (evolocumab) In The New England Journal of Medicine**



No. at Risk																										
Standard therapy	1489	1486	1481	1473	1467	1463	1458	1454	1447	1438	1428	1361	407	2976	2970	2962	2949	2938	2930	2920	2910	2901	2885	2871	2778	843
Evolocumab																										

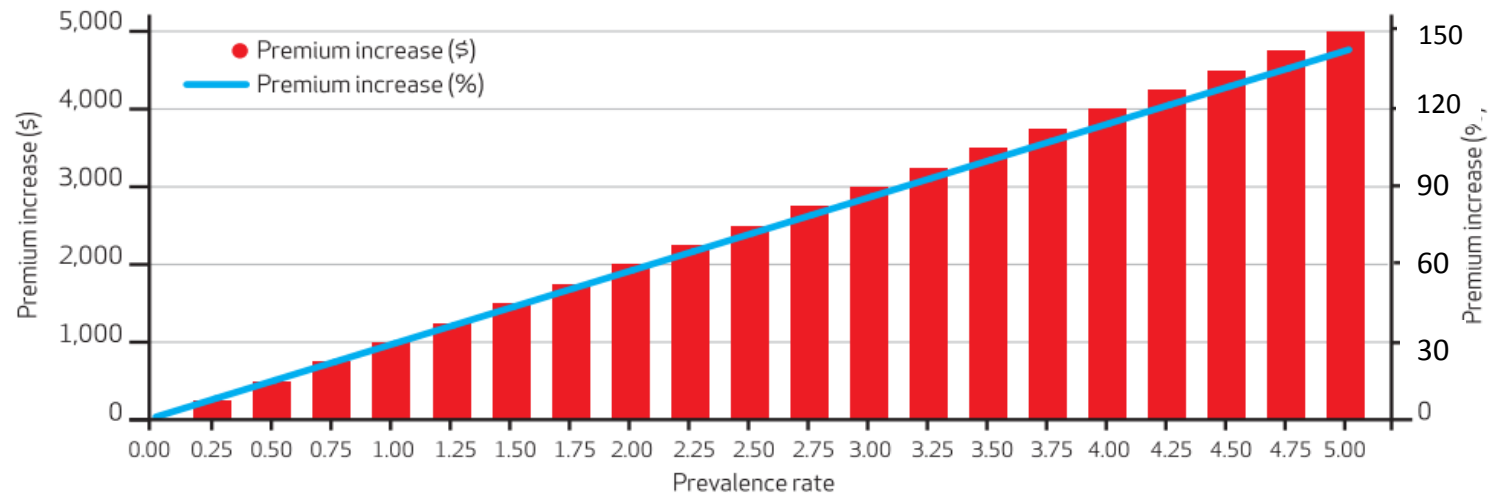


No. of Patients with Data Available																				
Placebo	780	754	747	746	716	708	694	676	659	652	1530	1473	1458	1436	1412	1386	1359	1349	1324	1269
Alirocumab																				

# Specialty Pharmaceuticals

## EXHIBIT 2

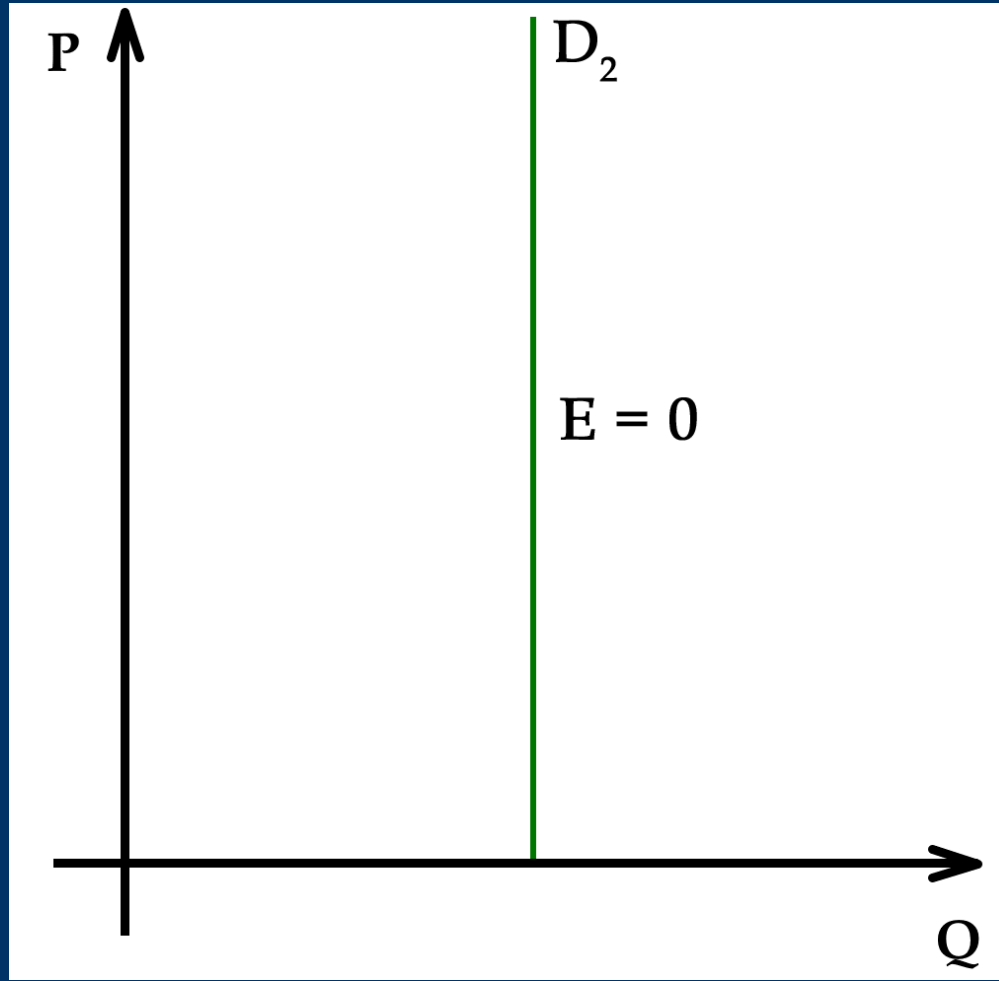
**Rate And Percent Increase In Insurance Premiums For A New Specialty Drug Costing \$100,000 Per Treated Patient, Depending On Disease Prevalence**



**SOURCE** Authors' analysis. **NOTES** "Premium increase (\$)" (the red bars) denote the absolute increase in premium paid; it relates to the left-hand y axis. "Premium increase %" (the blue line) relates to the right-hand y axis. For every 1 percent increase in the share of the population using the new drug, overall health care costs would be expected to increase \$1,000. See the online Appendix (see Note 10 in text) for information about the derivation of the included values.



# Economics



# Panel Discussion

## MODERATOR

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## PANEL

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