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Surge in biosimilars to drive significant change in health system costs, patient access & competition by 2020

07 June 2016 | Features | By BioSpectrum Bureau

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Greater acceptance of biosimilar medicines in a growing number of therapy areas and an active pipeline of 56 new products in clinical development are expected to deliver total savings of as much as $110 billion to health systems across Europe and the US through 2020, according to new research by the IMS Institute for Healthcare Informatics.

Biosimilars, which compete with original biologic medicines, can provide physicians and patients with greater access to advanced treatments and offer budgetary relief to payers in the face of intensifying healthcare cost pressures.

Health systems best positioned to capitalize on the benefits of biosimilars support functioning competitive markets-where manufacturers are motivated to participate over the long term, and where physicians are at the heart of the decision-making process.

The IMS Institute report, Delivering on the Potential of Biosimilar Medicines: The Role of Functioning Competitive Markets, found that by 2020, biosimilars will start competing with original biologics that have current sales of $50 billion annually.

The extent that these biosimilars provide savings opportunities will depend on policy and implementation approaches that to date have varied across the European Union.

As these medicines also become available in the US, stakeholder education and incentives will play a vital role in ensuring biosimilars deliver their full potential.

"The prospect of more affordable biologic options that are safe and effective opens up opportunities for health systems to expand access to more patients, and frees up resources for investment in new areas," said Mr Murray Aitken, IMS Health senior vice president and executive director of the IMS Institute for Healthcare Informatics. "This also can yield significant cost savings-but not all markets are ready to fully benefit from the imminent surge of biosimilar molecules."

In its latest study, the IMS Institute highlights the following findings:

â€¢ Considerable variations across the EU in payer policy approaches are limiting the biosimilar opportunity. Across Europe, payers have adopted a variety of approaches to encourage physicians to prescribe biosimilar medicines, motivate manufacturers to participate in the market, and provide adequate clinical evidence to support the prescribing of these treatments.

Not all stakeholders are using competition to maximize in a sustainable way the benefits offered by biosimilars.

Germany is among the most successful countries on this front, educating physicians and implementing measures designed to stimulate biosimilar prescribing.

By contrast, Austria's approach-where some biosimilar medicines are subject to mandatory price reductions that may force manufacturers out of the market-has had the opposite effect, resulting in reduced access to some biosimilar products.

â€¢ Biosimilars use in the EU and U.S. may yield total savings of $56-110 billion over the next five years. By 2020, eight major biologic medicines are expected to lose exclusivity protection, including treatments for auto-immune disorders and diabetes.

By opening markets to biosimilar competition, healthcare systems could realize a 30 percent reduction in price per treatment day compared to originator biologics.

The extent of actual savings will depend on policy decisions made and actions taken around incentives, education and pricing.

â€¢ Patient access to biologic treatments has grown by as much as 100 percent following the availability of biosimilars. In the EU, the use of erythropoietins (EPOs), granulocyte-colony stimulating factors (G-CSFs) and human growth hormone (HGH) have all risen following the launch of biosimilar versions.

This increase was heavily driven by the availability of biosimilars, as well as other factors such as expanded indications. In markets where access to these molecules was previously restricted, including Romania, Bulgaria, and the Czech Republic, average uptake of EPOs increased by more than 250 percent following the introduction of biosimilars.

The greater use of biologics following the introduction of biosimilars can be attributed to their lower cost, as well as revisions to treatment guidelines that reflect improved cost effectiveness.

â€¢ Intensifying competition and greater choice are expected as new biosimilars reach the market. Some 30 companies are actively developing biosimilar medicines for launch and are pursuing biosimilar versions of 16 distinct molecules that will lead to greater competition by 2020.

The majority of biosimilars in development are for versions of infliximab, etanercept, rituximab and adalimumab. This robust pipeline represents an opportunity for payers to realize savings, and for physicians and patients to ensure greater access to these important treatments.

â€¢ Capturing the benefits of biosimilar medicines requires a balance between controlling price and ensuring a sustainable, competitive marketplace. A narrow focus by payers on price alone risks constraining the longer-term opportunities for savings.

This would make the biosimilars market less attractive for manufacturers-reducing incentives to invest in the development of subsequent waves of biosimilars.

A balanced approach that incorporates education of physicians, patients and payers, and includes appropriate incentives for physicians and manufacturers, will help ensure that the benefits of biosimilars are fully realized.