TuftsMedicine Tufts Medical Center

What Drug Characteristics Explain the Wide Range of Manufacturer Rebates?

BACKGROUND & OBJECTIVE

- Prescription drug prices in the US particularly specialty drugs – have come under increasing scrutiny.
- > While rising list prices are often cited in policy discussions, they do not reflect the actual prices paid by US payers, who negotiate discounts and rebates with manufacturers in exchange for preferred formulary placement or coverage status.
- This research project examines how rebates vary across drug attributes to better understand the factors that influence them, providing critical data to inform policy debates on drug affordability and patient access.

METHODS

Data Source

- Rebate data came from SSR Health's U.S. Brand Rx Net Pricing Tool where at least 4 quarters of data was available.
- Drug attribute data came from the Tufts Medical Center Specialty Drug Evidence and Coverage (SPEC) Database.

Analysis

- We identified 161 drugs found in both SSR and SPEC as of December 2023.
- > We stratified these drugs by drug type (e.g., biosimilars, originators, oncology treatments, orphan drugs) and by key characteristics (e.g. route of administration, level of competition, and time since FDA approval).



Figure 2: 2023 Median Rebate (%, IQR) by Drug Characteristic, (n=161 drugs)

Self-Administered (n=66)

Physician-Administered (n=95)

No Competition (0 Alternatives) (n=15)

Intermediate Competition (1-3 Alternatives) (n=60)

High Competition (4+ Alternatives) (n=86)

Recent Approval (0-3 years) (n=28)

Intermediate Approval (4-9 years) (n=73)

Older Approval (10+ years) (n=60)

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RESULTS

Table 1: Multivariable Regression Results 2023 Rebate (%)

<u>Variable</u>	<u>Average Rebate</u> (%)
cer Treatment	-0.117(3.40)**
imilar/Originator	0.329(6.86)***
nan Drug	-0.075(2.26)*
e of Administration	
Self-Administered	Reference
Provider-Administered	-0.084(2.55)*
ber of Competitors	
No Competition (0 Alternatives)	Reference
Intermediate Competition (1-3 Alternatives)	0.071(1.22)
ligh Competition (4+ Alternatives)	0.142(2.44)*
ency of First Indication	
Recent Approval (0-3 years)	Reference
Intermediate Approval (4-9 years)	0.105(2.47)*
Older Approval (10+ years)	0.065(1.45)
IS	0.268(3.90)***
	0.453

161

Key Points

- of 27%, IQR 16-53%).
- of 71%, IQR 53-79%).
- Cancer treatments and orphan drugs had the lowest (medians of 19% and 23%, respectively) and least variable rebates (medians of 19% and 23%; IQR of 12-28% and 14-29%, respectively).
- time since FDA approval.

CONCLUSION

- > The substantial variation in rebates
- patient access will require greater transparency in rebate practices.
- > Further research is needed to better understand the factors driving these both patients and payers.

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For more information on the SPEC Database, contact James Chambers at james.chambers@tuftsmedicine.org

*p<0.05; ** p<0.01



The study found substantial variation in rebates across drug characteristics (median

Biosimilars and originator drugs had the highest and most variable rebates (median

 \succ In the multivariable analysis, higher rebates were linked to greater market competition, self-administered drugs and intermediate

underscores the complexity of specialty drug pricing independent of drug benefit. Improving prescription drug affordability and variations and to inform policy interventions that can help reduce the financial burden on

FUNDING