

# Alternative Pricing Policies for Multi-Indication Products: A Quantitative Analysis



Authors: Carlos Rojas Roque, Beth Woods, Claire Rothery, Mark Sculpher & Karl Claxton

Affiliation: Centre for Health Economics (CHE), University of York

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## Introduction

Multi-indication pharmaceuticals are increasingly common. The standard practice of uniform pricing—a single price for all indications—is widely criticised for:

- Reducing access for lower-value indications.
- Limiting treatment options
- Discouraging innovation in specific areas.

Indication-Based Pricing (IBP), which sets a distinct price for each use, is proposed to mitigate these incentive distortions, but its impact on health care expenditure and overall population health requires careful evaluation.

## Research objective

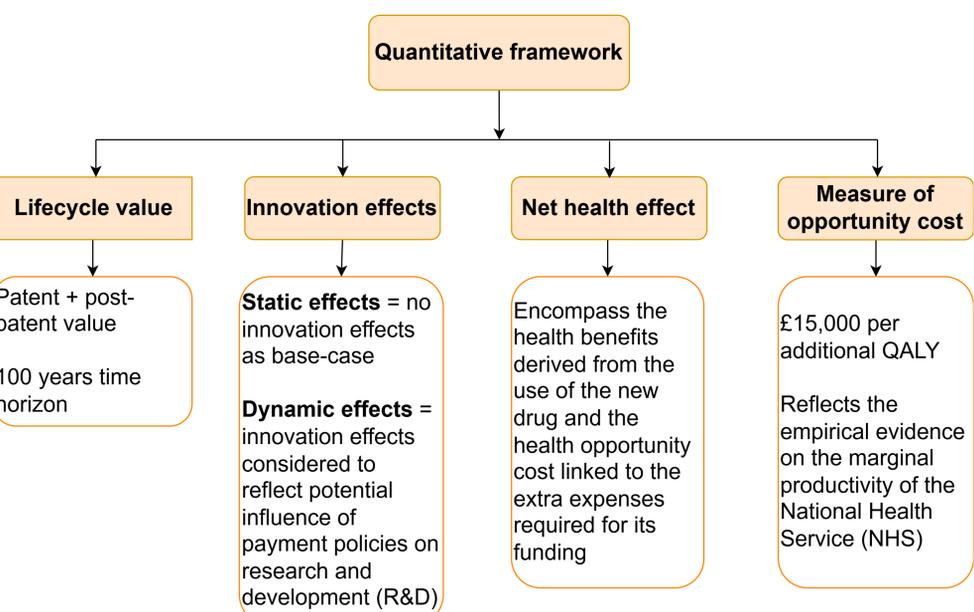
To quantify and compare the system-wide effects of Uniform Pricing and Indication-Based Pricing on:

- NHS costs and patient access.
- Therapeutic innovation (dynamic effects).
- Long-term population health in the UK National Health Service (NHS).

## Methodology

A quantitative framework was tested on a numerical example (three indications, different scenarios with respect to value across indications) and then applied to nivolumab (seven indications) and pembrolizumab (five indications) case studies.

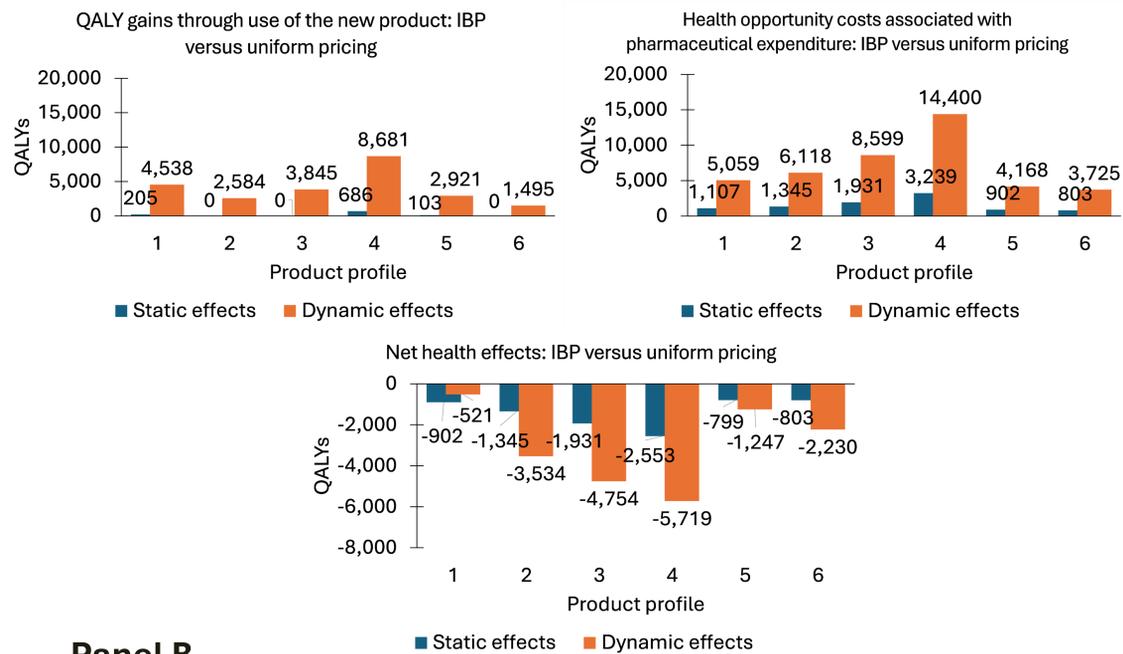
Fig 1. Quantitative health economic framework



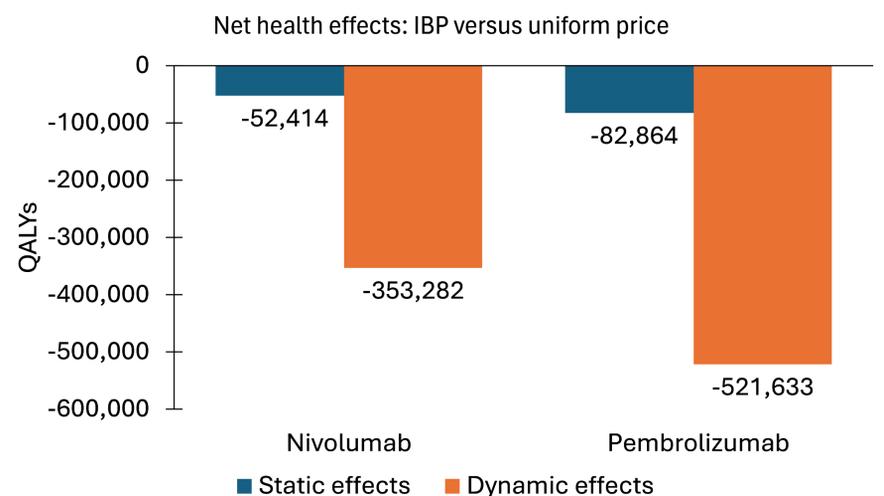
## Results

Fig 2. Comparing IBP versus uniform pricing: incremental QALY, health opportunity costs and net health effects for the numeric example (see Panel A). For case studies, only net health effects are presented (see panel B).

### Panel A



### Panel B



## Could IBP improve population health?

- For IBP to improve population health vs. uniform pricing (£30K/QALY norm), approval norms must be between £20,000–25,000/QALY for IBP (varies by value profile).
- Under uniform pricing dynamically efficient approval norms would be £11,500–£15,000 per QALY (depending on value profile), which, compared to a £30,000/QALY approval norm, would increase realised population health by 1,929 to 8,559 QALYs.
- Under IBP, dynamically efficient approval norms would be £9,000–11,000/QALY (depending on value profile). This would offer gains in realised population health of 2,126 - 10,317 QALYs.

## Key takeaway

IBP can improve access to new medicines but risks increasing pharmaceutical expenditure and reducing overall population health. To maximize health outcomes, IBP should be implemented with lower approval norms.

For a complete analysis, please read our full report

