

Impact on Drug Prices Following Cost-Effectiveness Results in Japan

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Objectives

The Japanese government has shown greater interest in expanding its cost-effectiveness assessment (CEA) repricing scheme in recent years to strengthen its already stringent national health insurance (NHI) drug price control system, as a further attempt to rein in soaring healthcare spending. Both the Ministry of Finance (MoF) and the Ministry of Health, Labour and Welfare (MHLW) have expressed concerns that the price reduction following CEA is not satisfactory. To understand the government's concerns and the trend in price reductions based on CEA, this research examines the publicity available CEA results released by the Japanese authorities in relation to their repricing results.

Methods

CEA results published by the Center for Outcomes Research and Economic Evaluation for Health (C2H) before April 2026 were examined. For the reviewed drugs and for their comparators that underwent CEA price review, and for which new NHI prices were confirmed by the MHLW before May 2026, the CEA results and NHI price changes were examined based on the MHLW documents and GlobalData's POLI database.

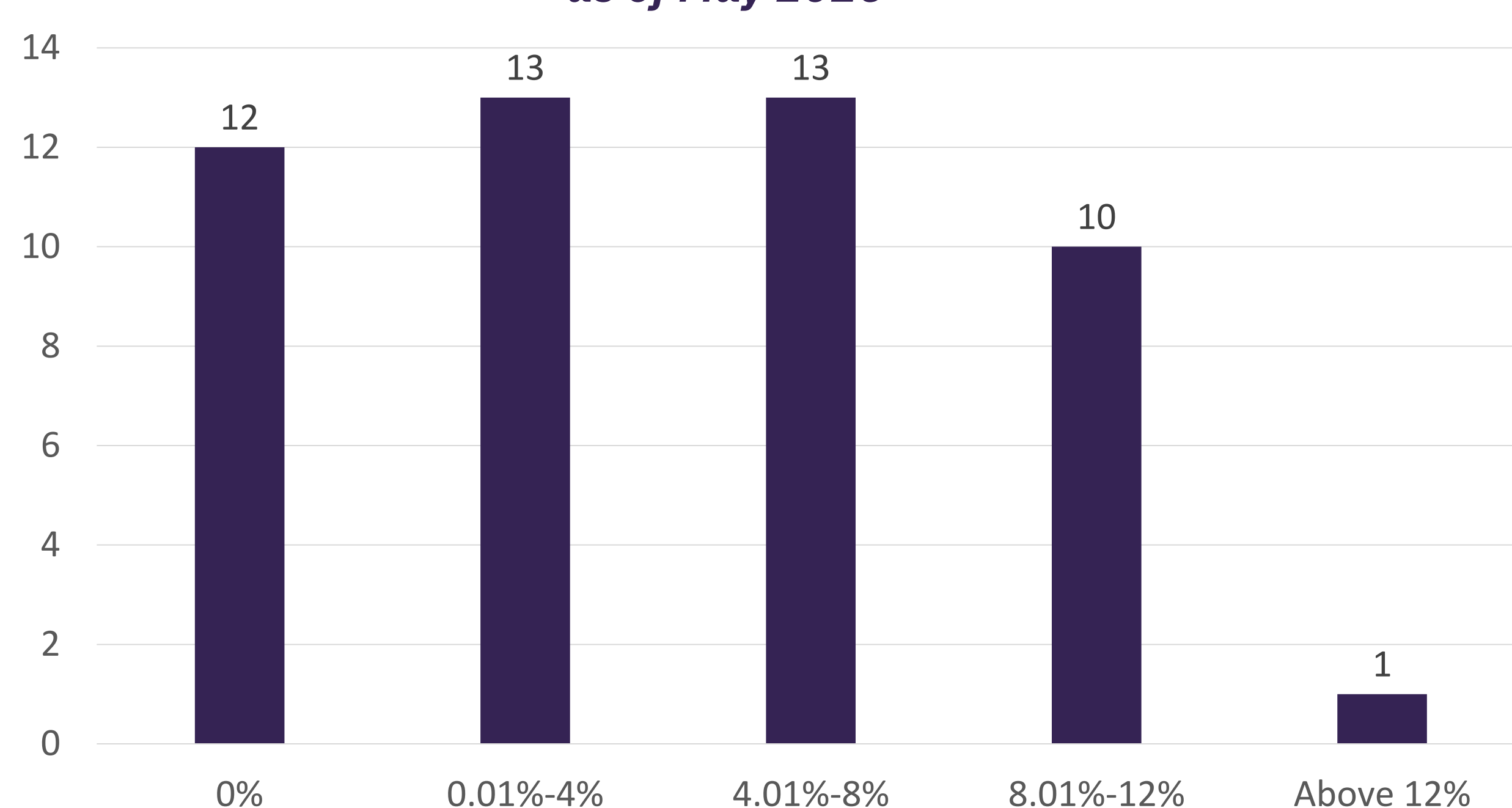
Results

Japan officially introduced the CEA repricing scheme in FY2019, but the first CEA results were only completed and published in 2021. The prolonged initial phase for the forming of the repricing system was due to extensive discussion on the establishment of the country's health technology assessment (HTA) framework, as well as a shortage of experts for the reviews.

At the time when the framework was established, the MHLW promised that the CEA results would only be used to review the NHI listed prices and would not result in yes/no reimbursement decisions.

Japan does not impose a strict willingness-to-pay threshold, although JPY5 million (\$31,300) per quality-adjusted life year (QALY) is referenced as a benchmark in Central Social Insurance Medical Council (Chuikyo) discussion on the CEA evaluation framework. Instead, the repricing thresholds are set depending on a drug's initial pricing method alongside other factors, such as rare, pediatric, and cancer indications. A price adjustment coefficient is designated based on a drug's CEA results. However, the coefficient will only be applied on a drug's price premium or operating profit portion. Additionally, while price increases are feasible under the framework, none of the drugs that underwent CEA review were able to achieve such an outcome.

**NHI price reduction rate,
as of May 2026**

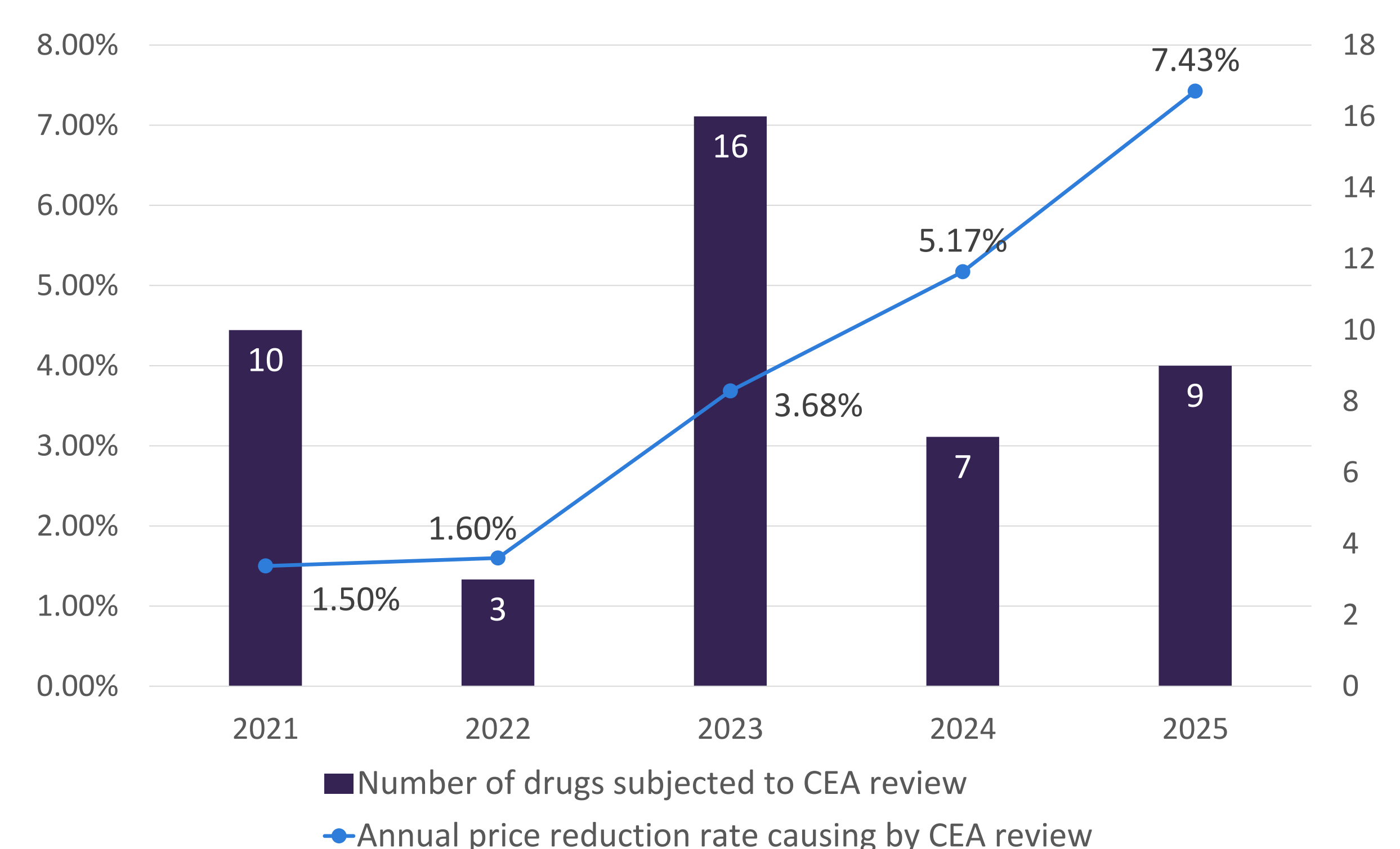


As of May 2026, a total of 49 drugs underwent CEA price reviews with their new NHI prices confirmed, resulting in an average price reduction rate of 4.02%, including those with prices unchanged. A total of 12 drugs had their NHI prices maintained following the reviews. Most of drugs receiving price reductions had their NHI prices cut by less than 8%. Only one drug received more than a 12% price reduction rate: Eisai's (Japan) Alzheimer's disease (AD) treatment Leqembi (lecanemab) had its NHI price reduced by 15%.

However, the repricing model applied on Leqembi is an exception. Unlike other drugs whose incremental cost-effectiveness ratio (ICER) is calculated first, Chuikyo calculated "hypothetical prices" for Leqembi that yield an ICER of JPY5 million (\$31,300)/QALY. The new prices of Leqembi then were adjusted based on the hypothetical prices, with a 15% price reduction cap applied. The special CEA repricing model is now only applied to high-cost AD drugs, and Leqembi was the only product that underwent CEA under the framework before May 2026.

Even among drugs evaluated under the regular route, the final price reduction results cannot fully reflect a drug's CEA results, since the price adjustment coefficient only applies on part of the NHI price. For example, Reblozyl (luspatercept) was subjected to a coefficient of 0.1, which is the lowest adjustment rate, but its price was reduced by only 8.3%.

Repricing results caused by CEA review, 2021–25



The number of drugs subjected to CEA review had fluctuated, ranging from only 3 reviews in 2022 to 16 reviews in 2023. The average price reduction rate following CEA has increased over time. The annual average price reduction rate, including drugs whose NHI prices were maintained, jumped from 1.5% in 2021 to 7.43% in 2025. The noticeable increase in the annual average price reduction rate in 2025 may be driven by the repricing result for Leqembi. While the annual average price reduction rate following CEA results in 2026 is not available, one drug already had its CEA results and new NHI prices confirmed before May 2026, which is UCB Pharma's (Belgium) anti-seizure medication Briviact (brivaracetam). The drug received a 4.3% price reduction following its CEA review.

Conclusions

The growth in annual average price cuts following CEA reviews suggests that the influence of such a price control framework is likely to be increasingly significant in terms of the price reduction rate. This is likely to be a result of the combined impact of more new drugs listed after FY2019 becoming subject to CEA review, the biennial price reforms, and the new special CEA model introduced in 2025. A trend of higher average price cuts over time is in line with the MHLW's goal to boost the effectiveness of CEA repricing in order to control the public spending on cancer drugs and advanced high-cost therapies. Based on the MHLW and Chuikyo's discussion on potential CEA reforms, the scope of drugs subjected to the repricing scheme may not see significant changes, while the evaluation framework for final price calculation may need to be advanced. In FY2026, a technical review for the country's CEA system was rolled out. Its results will be used as a reference for planning CEA reforms in the next year. Priority areas for discussion include improvement in transparency, a new mechanism to reflect important new clinical evidence after a CEA was completed, and the eligibility and feasibility of securing a price increase for a drug based on CEA results.