

Exploring the feasibility of indication-based pricing (IBP) in the Korea Healthcare System: A survey study

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BACKGROUND

- South Korea has a single drug pricing system while there is an increasing number of innovative new drugs approved with multiple indications. And the drug price usually gets lower as it expands additional indications.
- Therefore, multinational companies that are hesitant to expand due to the international reference price will delay the launch in Korea, creating obstacles to Korean patients' access.

OBJECTIVES

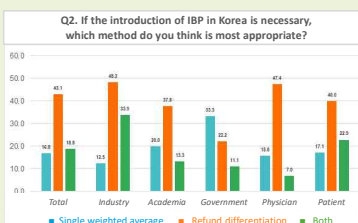
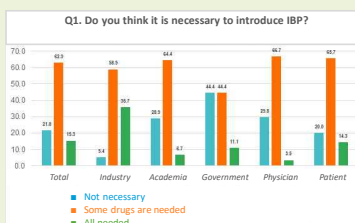
- To assess the viability, this study conducts a survey about 'Indication Based Pricing (IBP)' such as weighted average pricing across indications and indication-based rebates.

METHODS

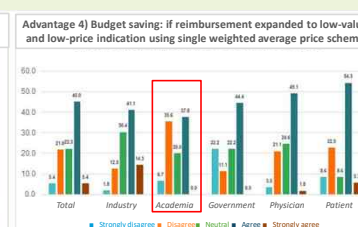
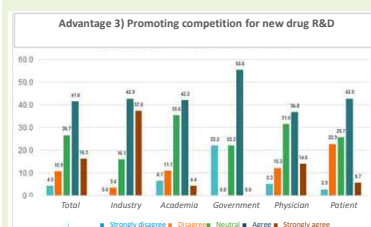
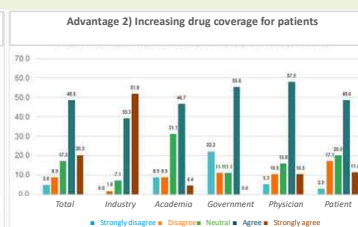
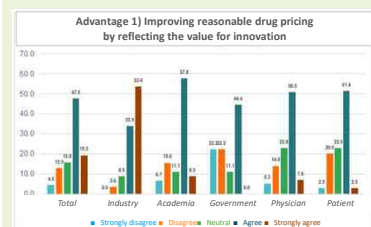
- A focus group interview was conducted first with five experts, divided into five groups: government, healthcare physician, patient advocacy groups & media, academia, and pharmaceutical industry.
- Based on the opinions obtained here, the final questionnaire was organized, and an online survey was conducted on 202 experts and stakeholders from October 5, to November 10, 2022

RESULTS

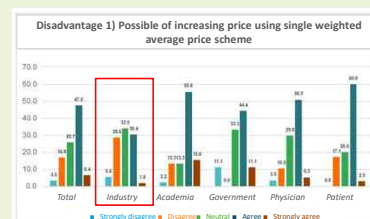
- As a result of the survey, an average of 62.9% of the respondents said the introduction of a drug pricing system by indication was necessary only for drugs that met certain criteria.
 - Total responders(n=202); Industry(n=56); Academia(n=45); Government officers(n=9); Physician(n=57); Patient(n=35)
- All groups except the government responded that it was most appropriate to pay the government a different refund rate for each indication while leaving the list price intact.



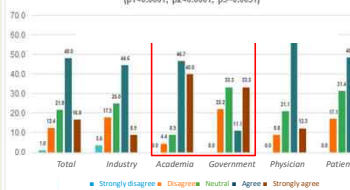
- Opinions on the expected effects and concerns when introducing the drug price system for each indication in Korea are as follows. Expected effects include 'improving patient access to drugs', 'value-based evaluation', and 'high feasibility using existing system'.



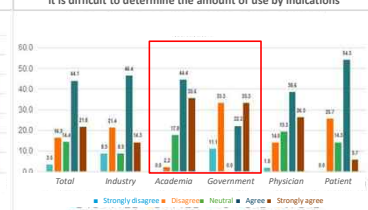
- Concerns include 'administrative cost and infrastructure construction', 'the burden of repetitive cost-effectiveness assessment', 'equality and capacity of social members among patients', 'disturbing drug claims', 'supplier-oriented drug price calculation', and 'excessive drug price'



Disadvantage 2) Burden of administrative cost for the operation for a new system adaptation
(p1<0.0001, p2<0.0001, p3=0.0031)



Disadvantage 3) Due to lack of specific disease code and infrastructure, it is difficult to determine the amount of use by indications



- Opinions on the regulations and operational matters of the drug price system for each indication in Korea are as follows.

- Submission data: 'cost-effectiveness evaluation by indication', 'total amount CAP by pharmaceutical company', and 'economic evaluation data' are mentioned.
- The system construction method is divided according to two operational plans.
 - 1) Single weighted average: 'weighted average formula', 'using existing billing system'
 - 2) Refund rate differential applied: 'Post-listing system'
- Commonly needed, 'Tracking usage through establishment of registry by indication', 'Evaluation of post-use and update of weighted average' and 'requires training system for prescribing medication by medical staff'

CONCLUSIONS

- If the operational aspects of the academic and the government can handle the indication-based pricing indication-based pricing will be an alternative to increase access to innovative new drugs desired by the industry and patients.

LIMITATIONS

- Government agencies such as the National Health Insurance Service (NHIS) and Health Insurance Review and Assessment (HIRA) tried to get them involved in the survey, but there were not enough respondents.
- Therefore, government groups may have too few respondents and lack representation, so there is a limitation in that caution is required when compared to other groups.

REFERENCES

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- KRPIA is a major Korean pharmaceutical industry association that represents the interests of global pharmaceutical companies aimed at developing new drugs that are operating in Korea and strives to improve the pricing and regulation system through the partnerships with the government so that Korean patients can access innovative new drugs. If you have any questions, please contact 1st author, Borami Kim, the co-chair of Market Access committee(borami.kim@krpia.or.kr).