

The wisdom of being diplomatic when paying less than one's fair share

The wisdom of being diplomatic when paying less than one's fair share



REMEMBER WHEN...

America depended on Great Britain?

The wisdom of being diplomatic when paying less than one's fair share



REMEMBER WHEN...

America depended on Great Britain?



AND TODAY...

Europe and whole world depends on the US Navy securing the oceans for global trade.



The wisdom of being diplomatic when paying less than one's fair share



REMEMBER WHEN...

America depended on Great Britain?



AND TODAY...

Europe and whole world depends on the US Navy securing the oceans for global trade.



IT'S ONE THING NOT TO PAY ONE'S FAIR SHARE...

It's another thing entirely to talk the one carrying most of the load... out of doing what benefits *everyone*.



The wisdom of being diplomatic when paying less than one's fair share



REMEMBER WHEN...

America depended on Great Britain?



AND TODAY...

Europe and whole world depends on the US Navy securing the oceans for global trade.



IT'S ONE THING NOT TO PAY ONE'S FAIR SHARE...

It's another thing entirely to talk the one carrying most of the load... out of doing what benefits *everyone*.



IF CAN'T CARRY A FAIR SHARE, **VOICE SUPPORT**

If can't say something supportive yet... let's work on that.



Consider the consequences
of being wrong...

Consider the consequences of being wrong...



UNDERVALUING ANYTHING RESULTS IN GETTING LESS OF IT

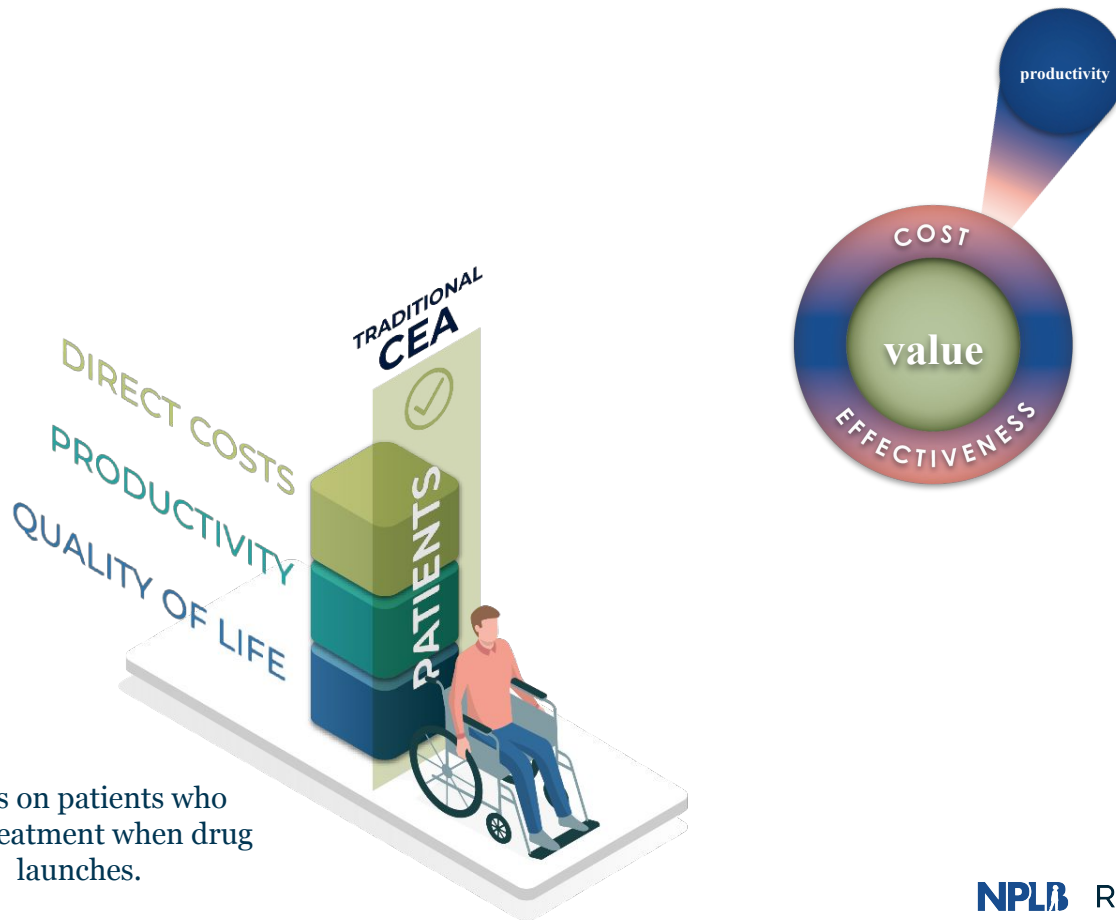
If markets don't offer high enough incentives, investors won't invest (even if academics say they should).



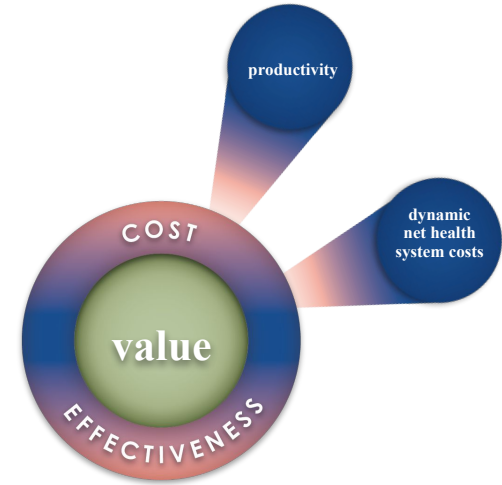
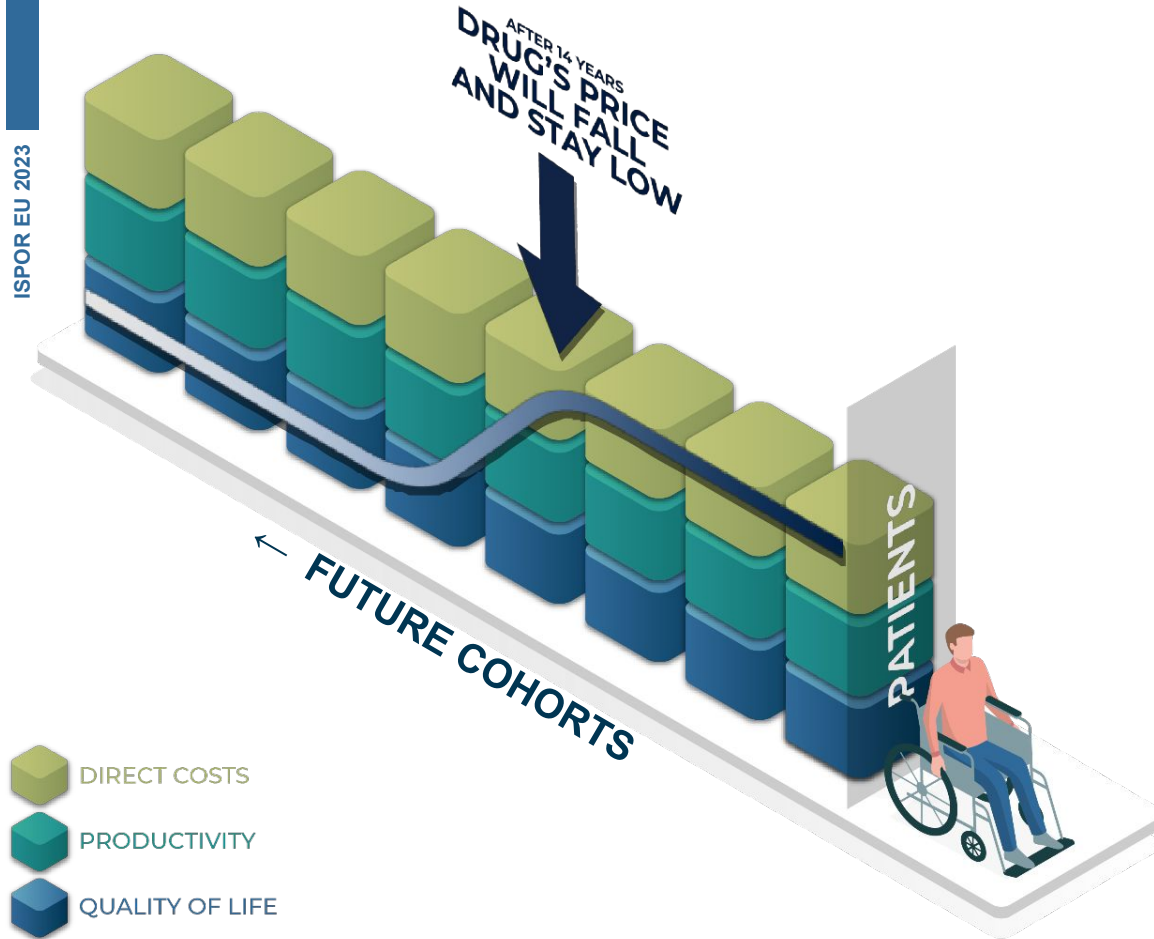
Consider the consequences of being wrong...

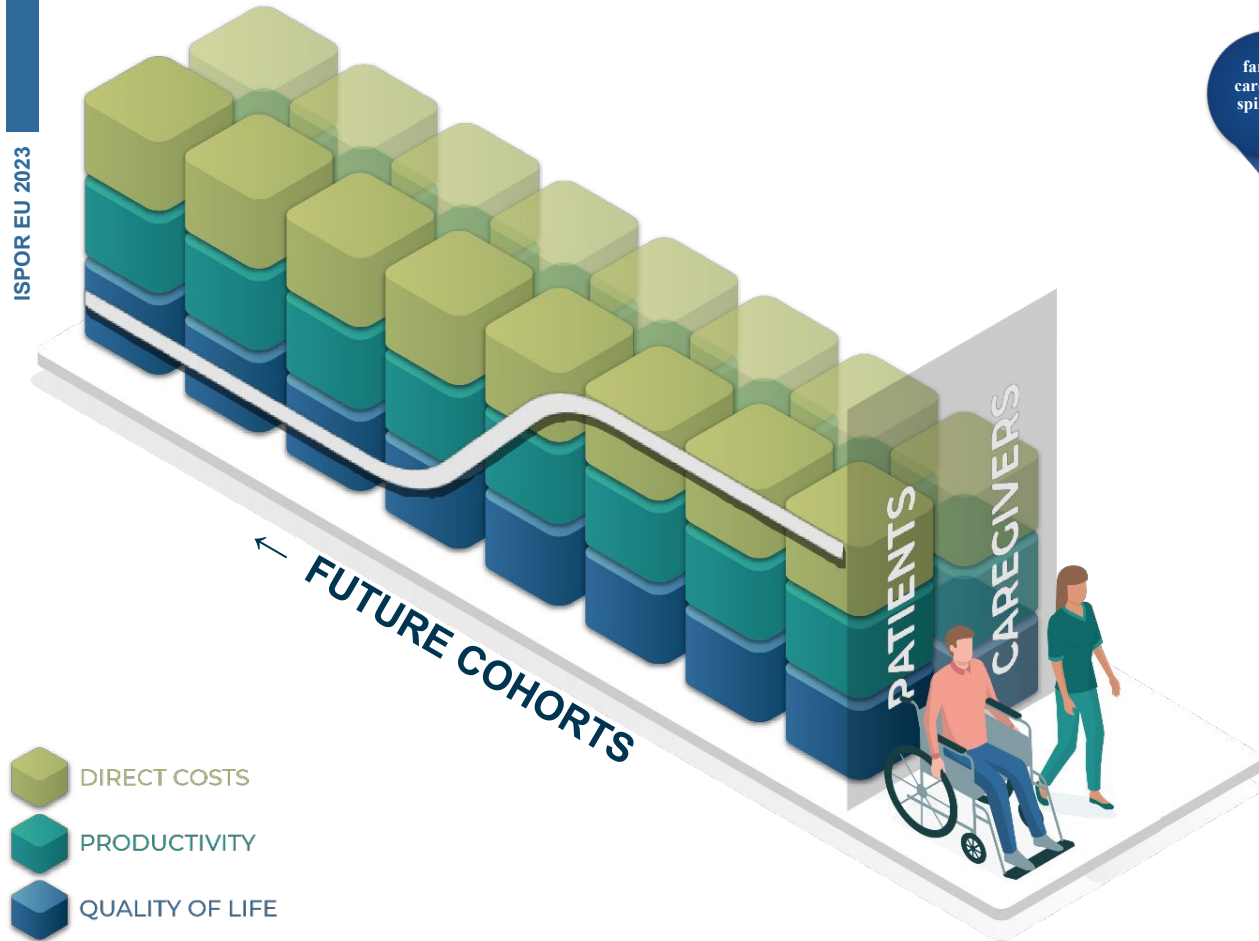
- **UNDERVALUING ANYTHING RESULTS IN GETTING LESS OF IT**
If markets don't offer high enough incentives, investors won't invest (even if academics say they should).
- **TRADITIONAL CEA IS FLAWED AND UNDERVALUES MEDICINES**
Ignores that drugs go generic, caregiver benefits, changes in future prevalence...



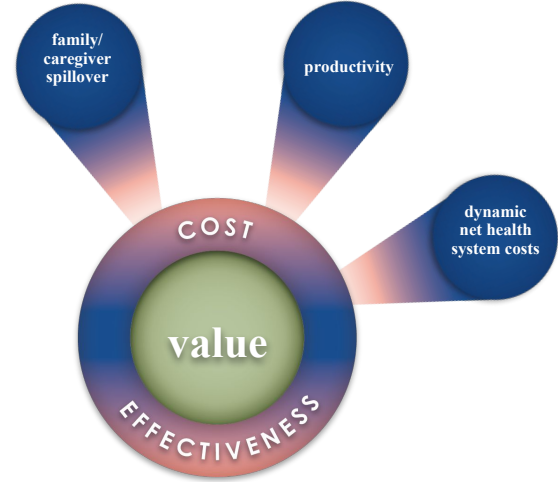


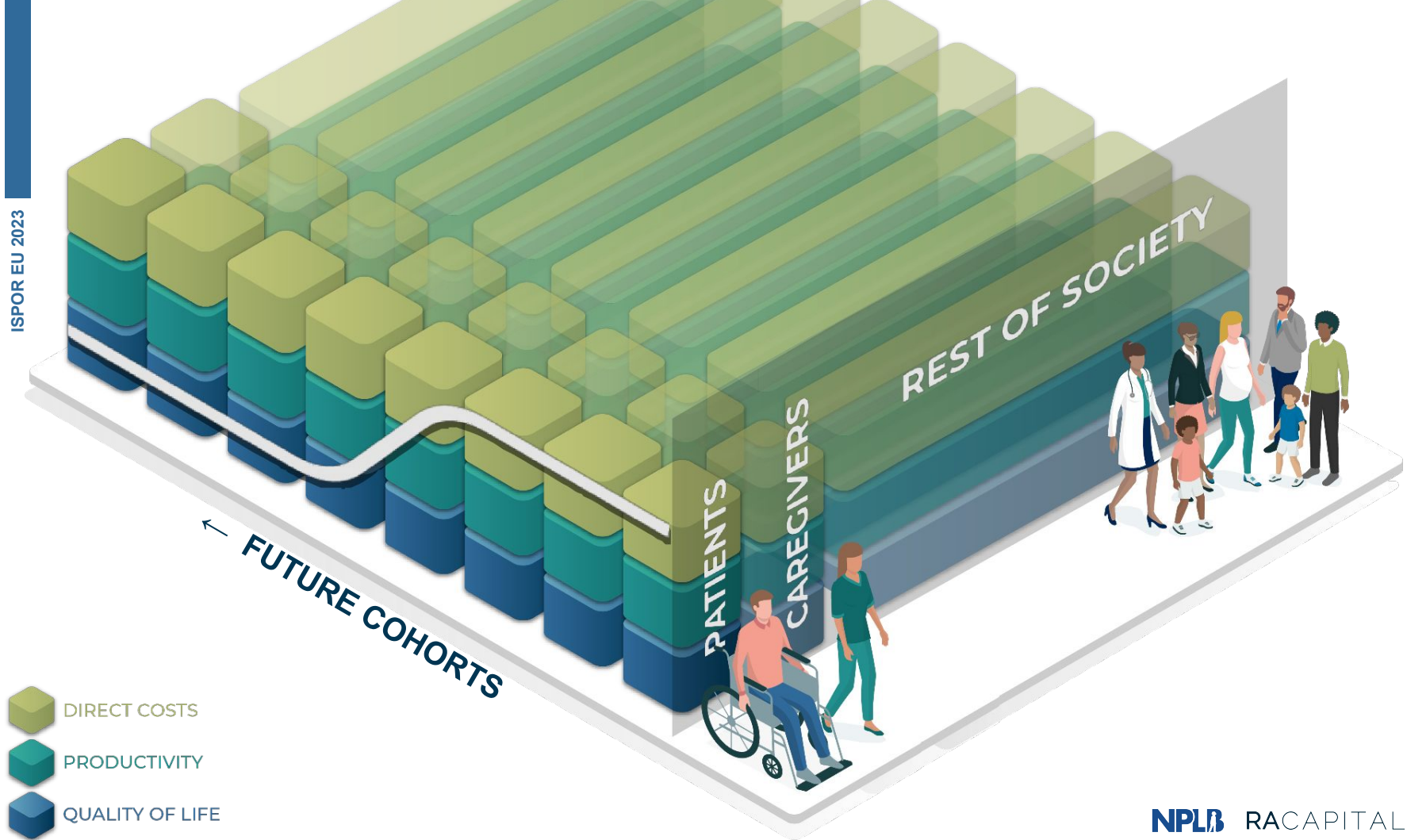
Focus on patients who start treatment when drug launches.

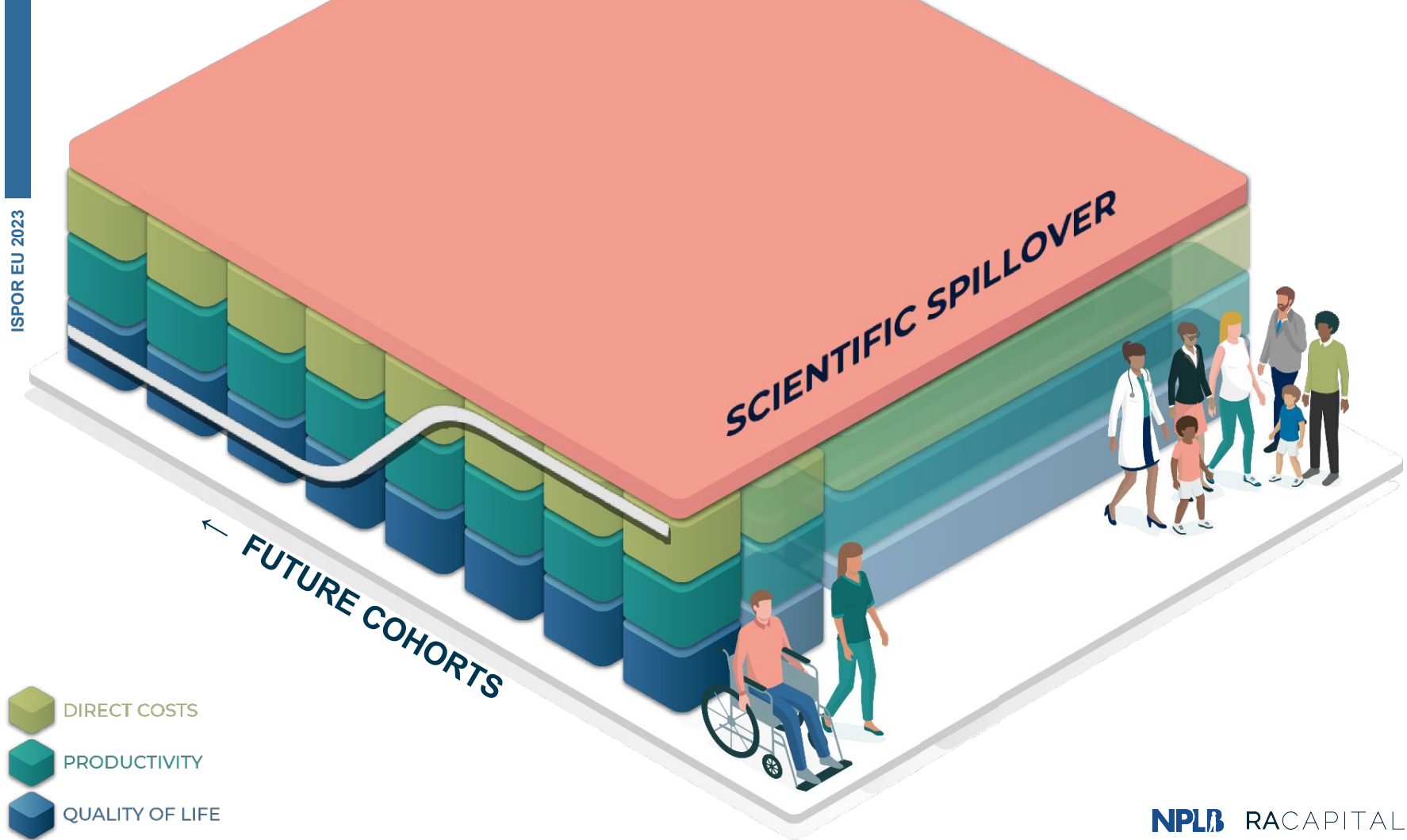




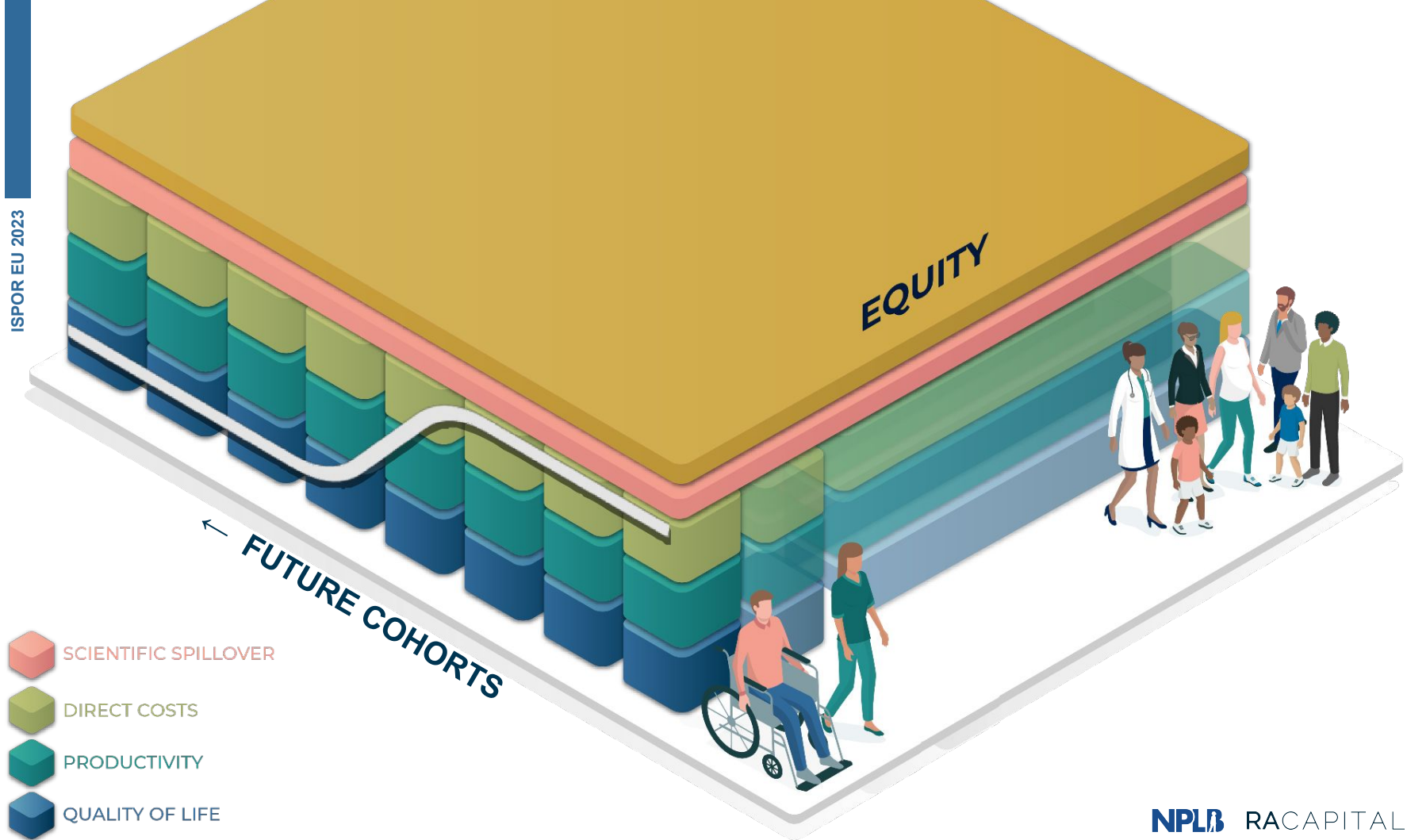
-  DIRECT COSTS
-  PRODUCTIVITY
-  QUALITY OF LIFE

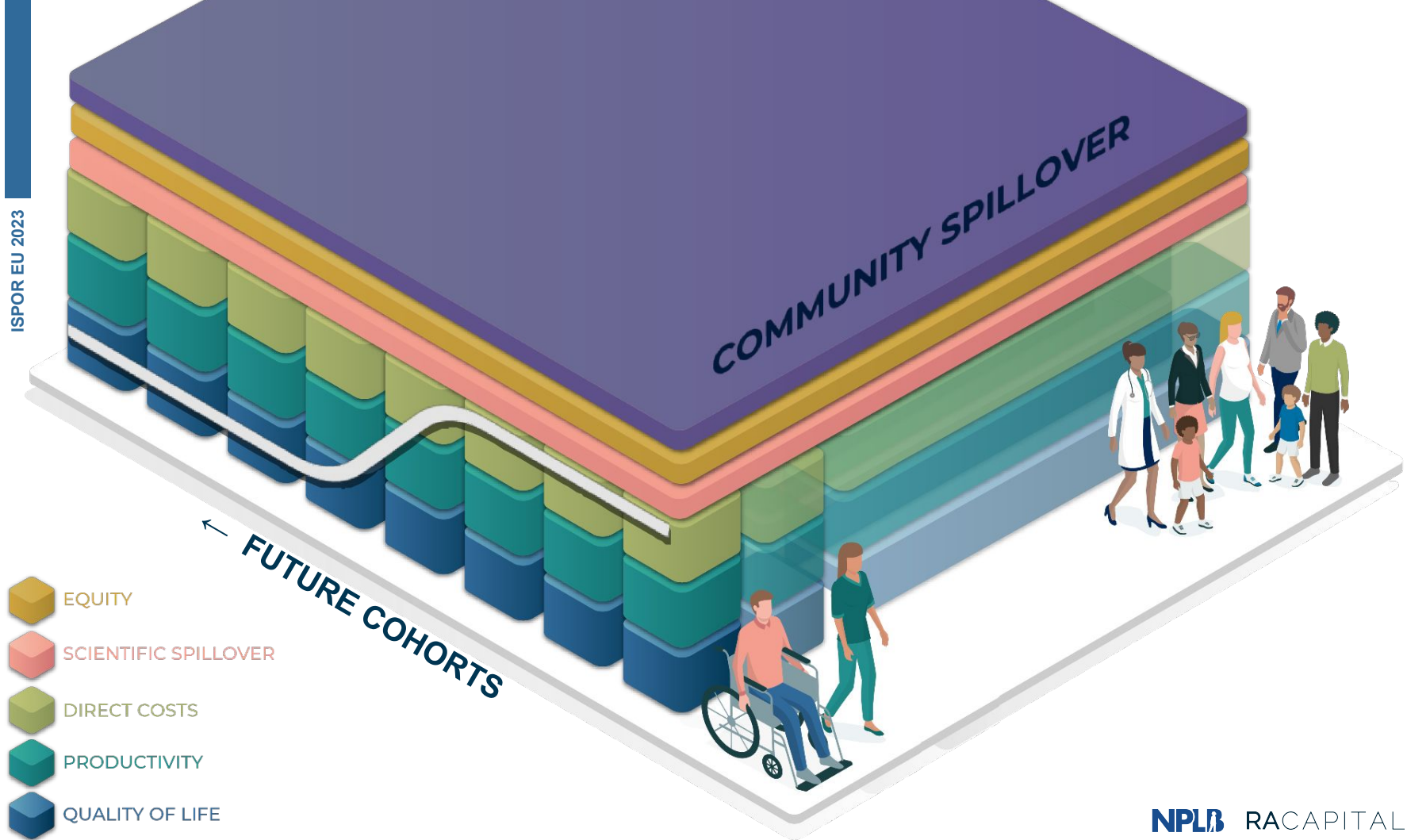


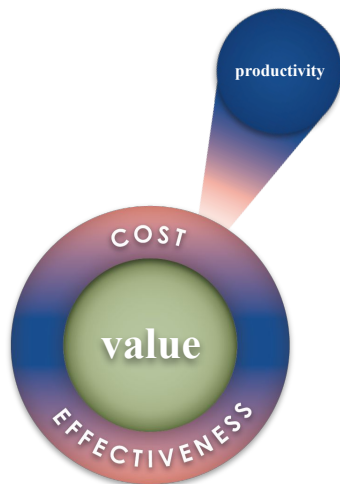




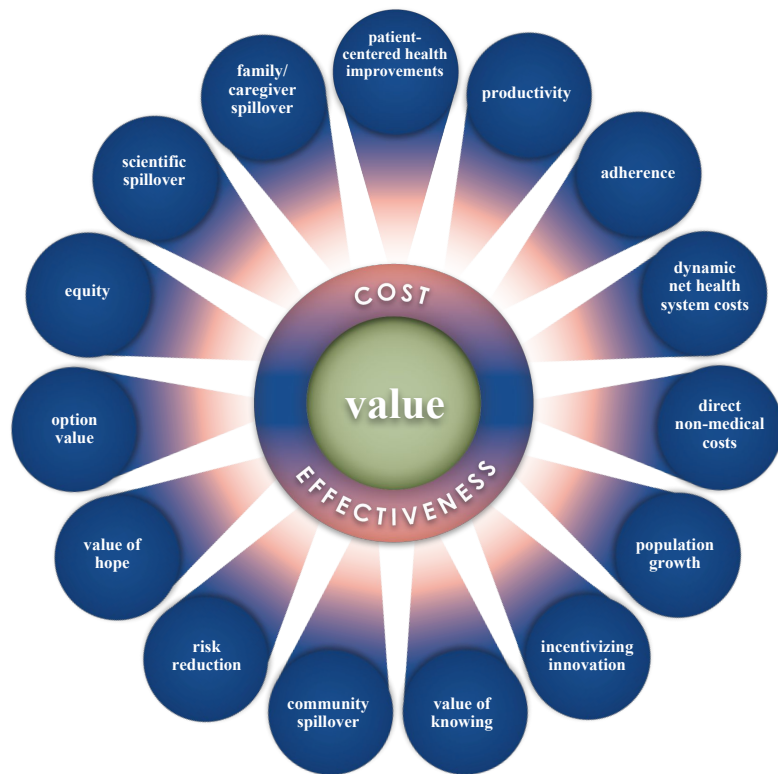
-  DIRECT COSTS
-  PRODUCTIVITY
-  QUALITY OF LIFE



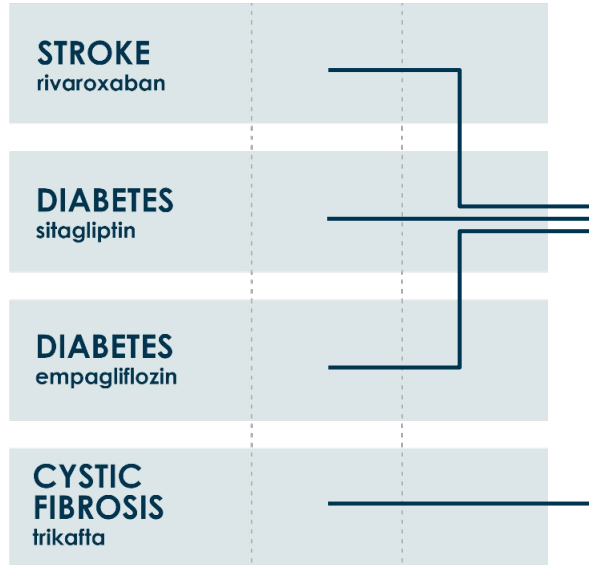




Traditional CEA
 (and even then, often excludes productivity)



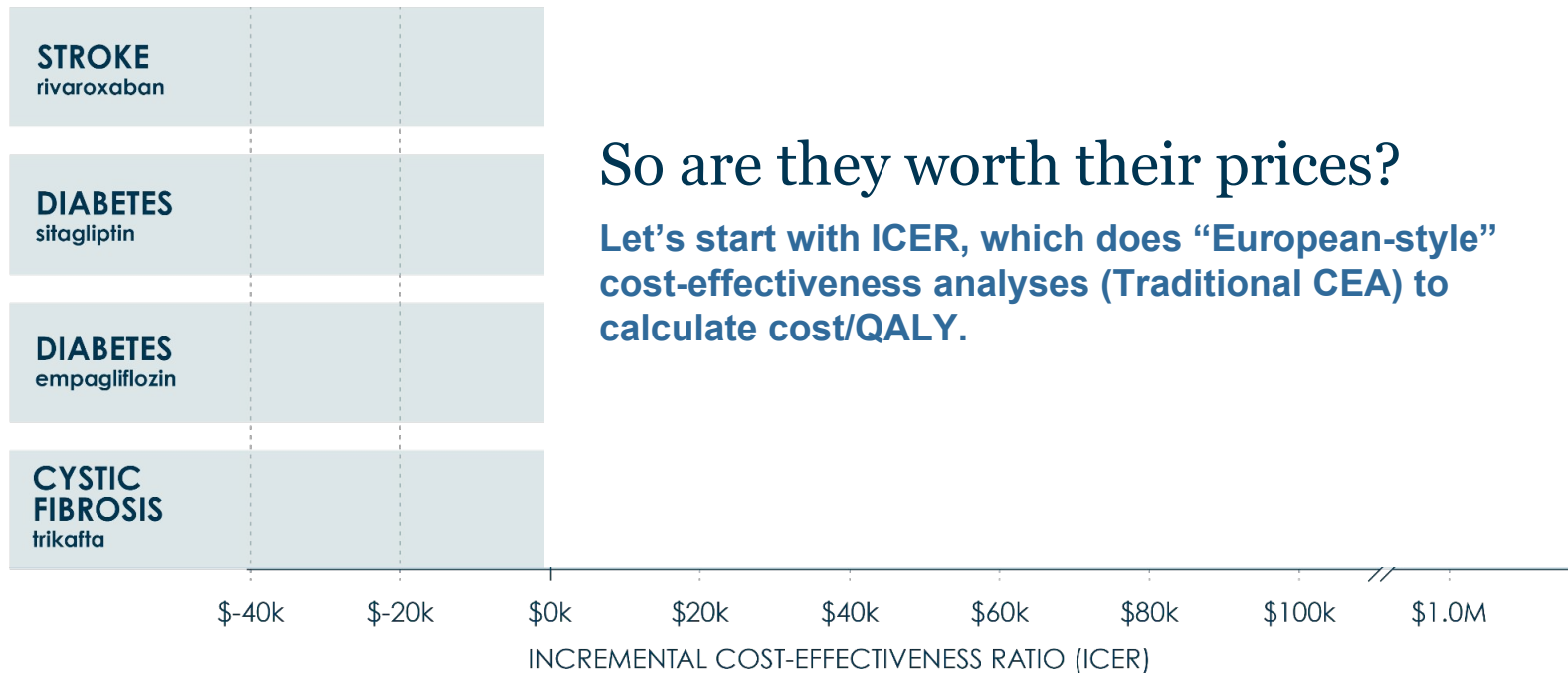
Generalized CEA
 "The Value Flower"

 Traditional CEA

Three of the drugs selected for Medicare “negotiation” in 2026. Implication is that these are overpriced.

Trikafta selected by Colorado PDAB for state-level price controls simple because it costs a lot per patient.

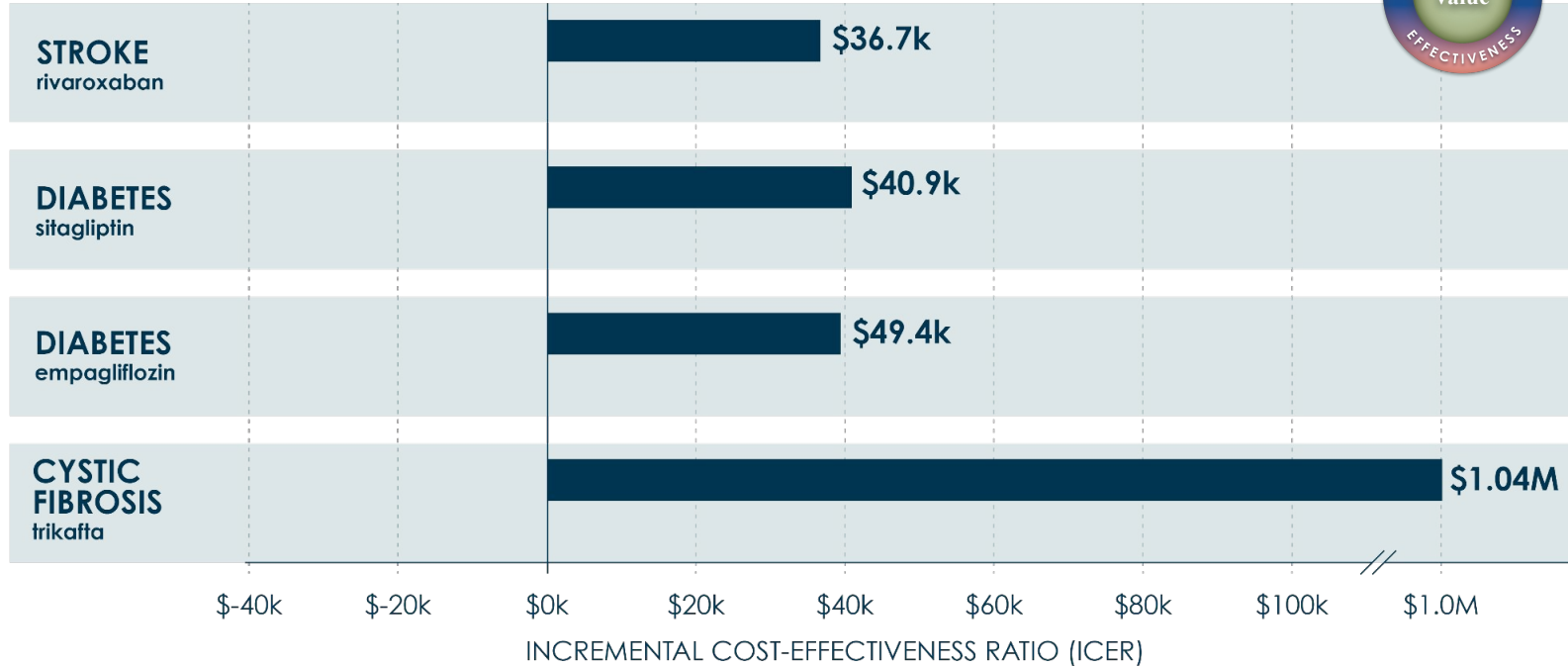
Traditional CEA



So are they worth their prices?

Let's start with ICER, which does "European-style" cost-effectiveness analyses (Traditional CEA) to calculate cost/QALY.

Traditional CEA

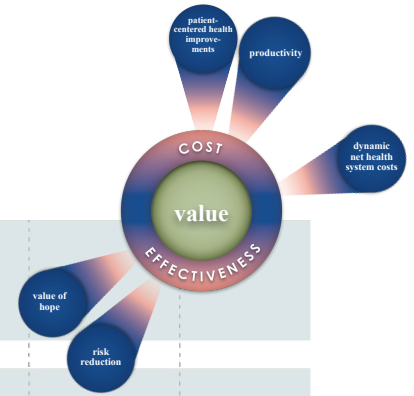
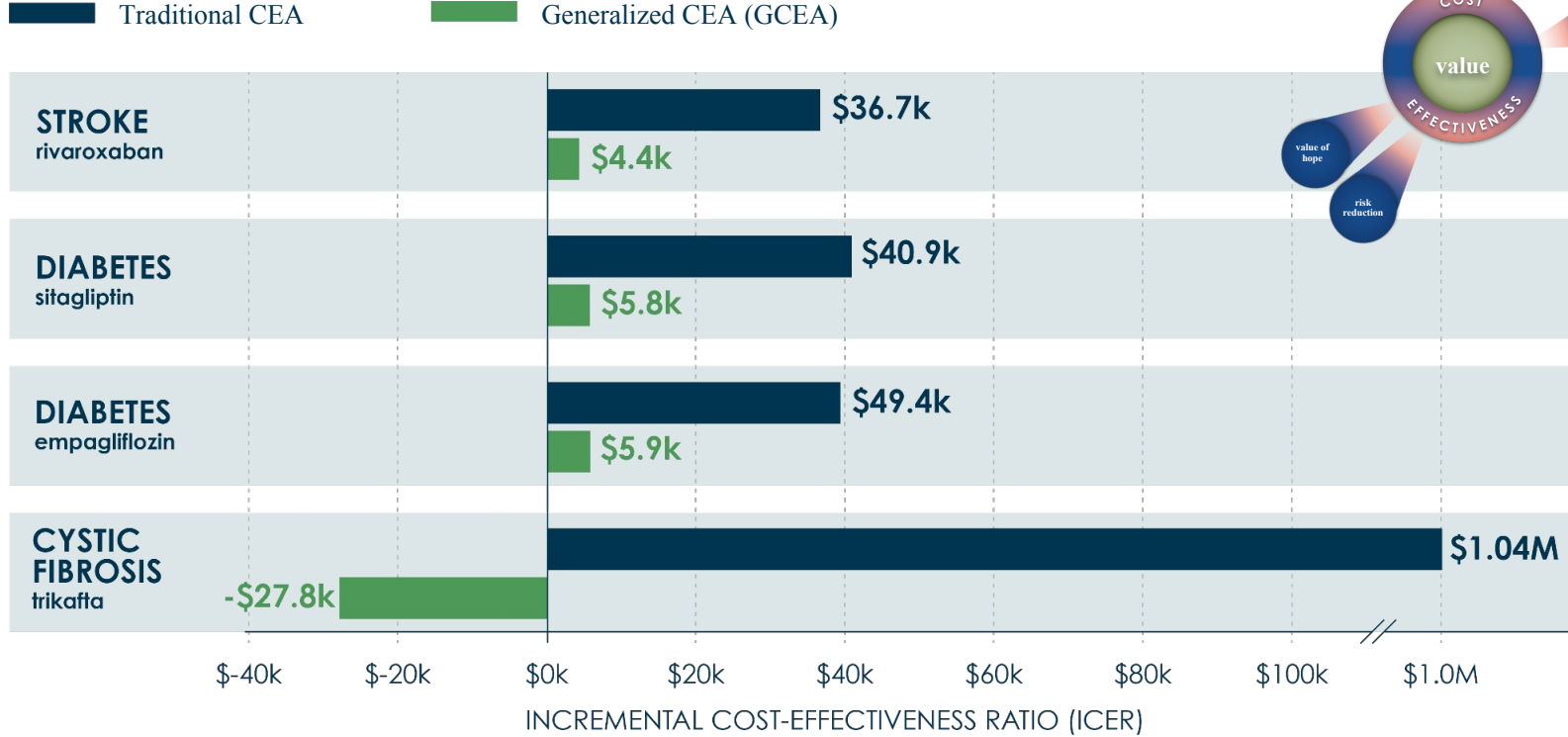


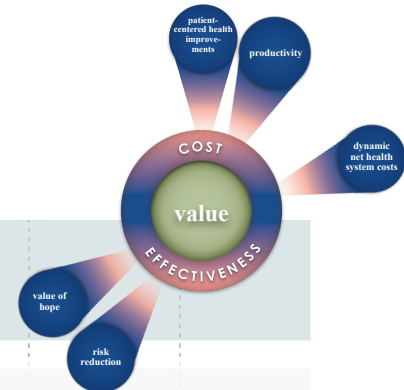
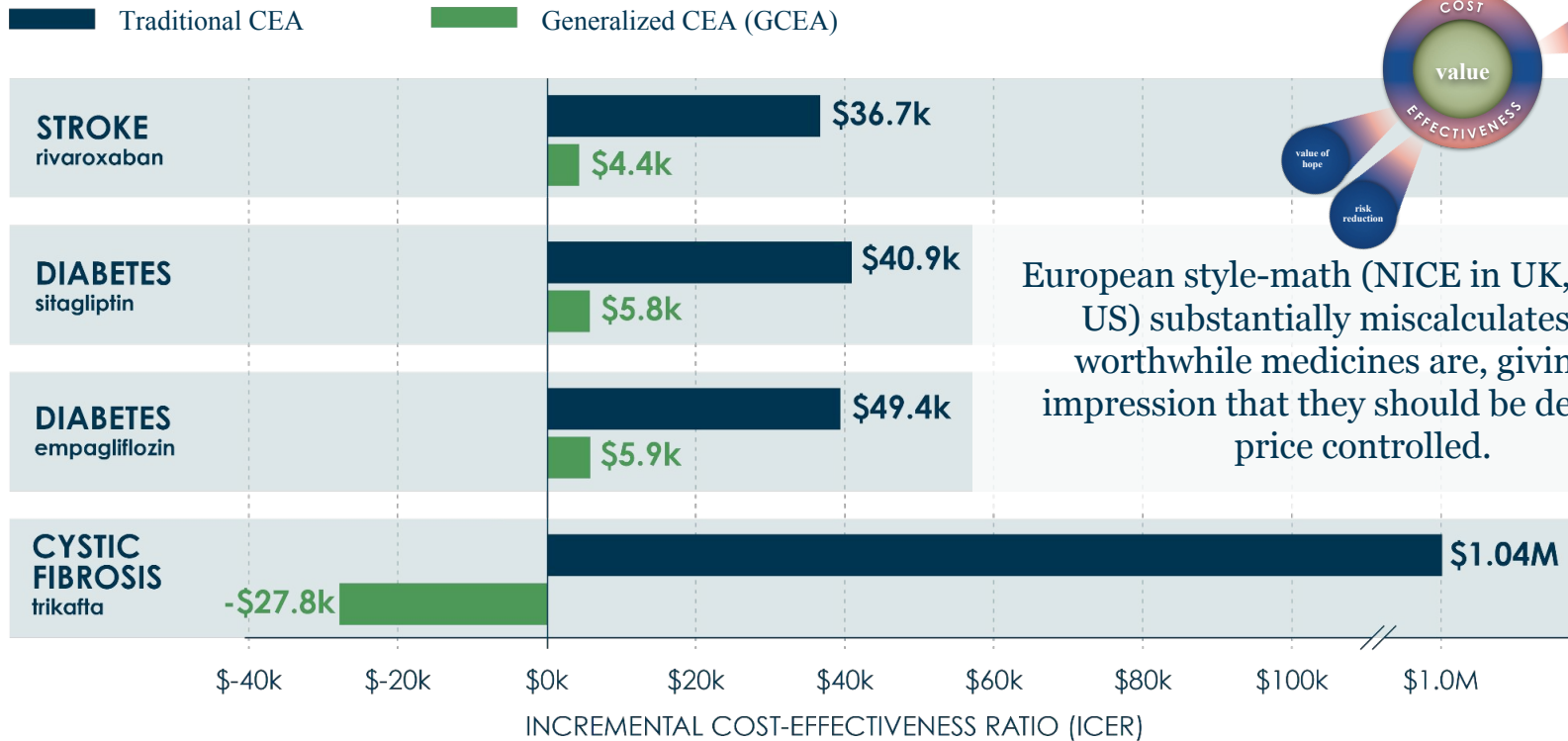
Traditional CEA



But traditional CEA ignores that drugs go generic and future cohorts starting treatment, as well as many other values.

Let's add some of that back in.





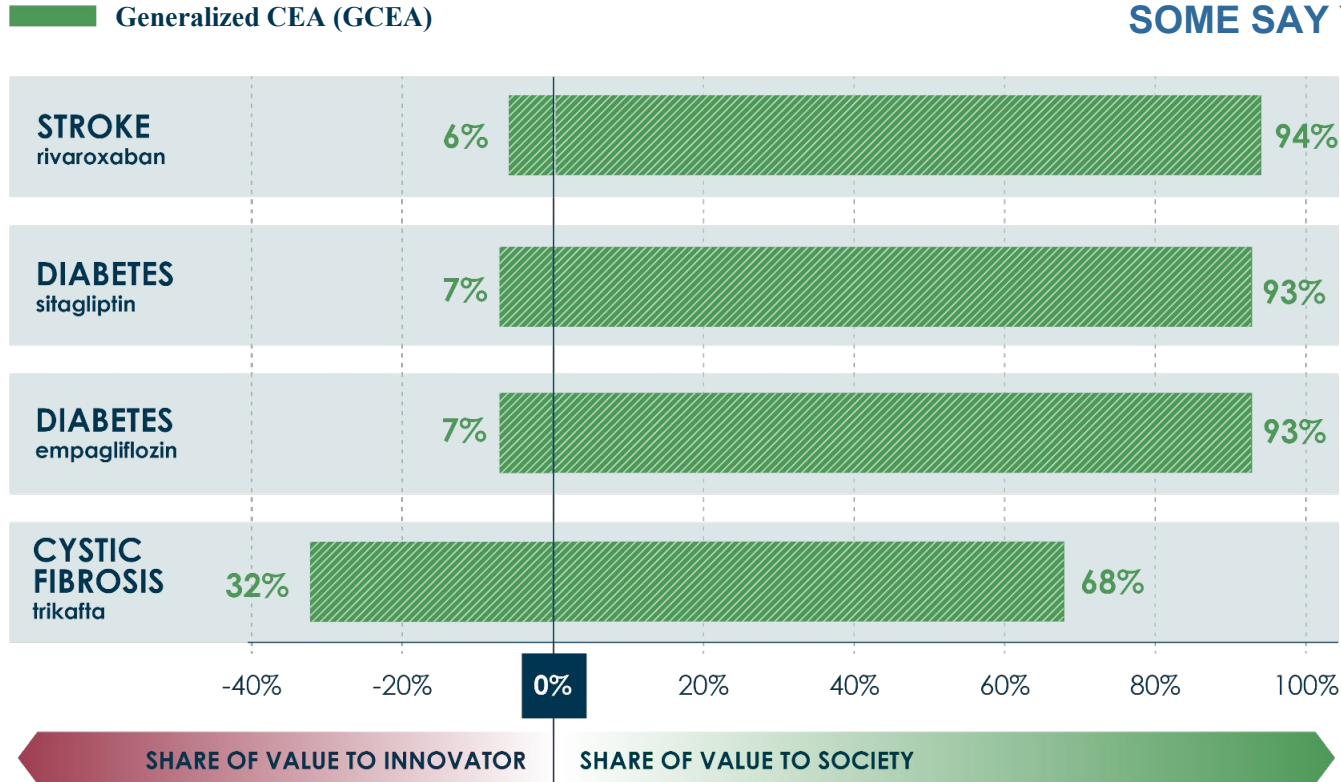
European style-math (NICE in UK, ICER in US) substantially miscalculates how worthwhile medicines are, giving the impression that they should be denied or price controlled.

Do drug companies charge more than
the value they create for society?

SOME SAY YES.

Do drug companies charge more than the value they create for society?

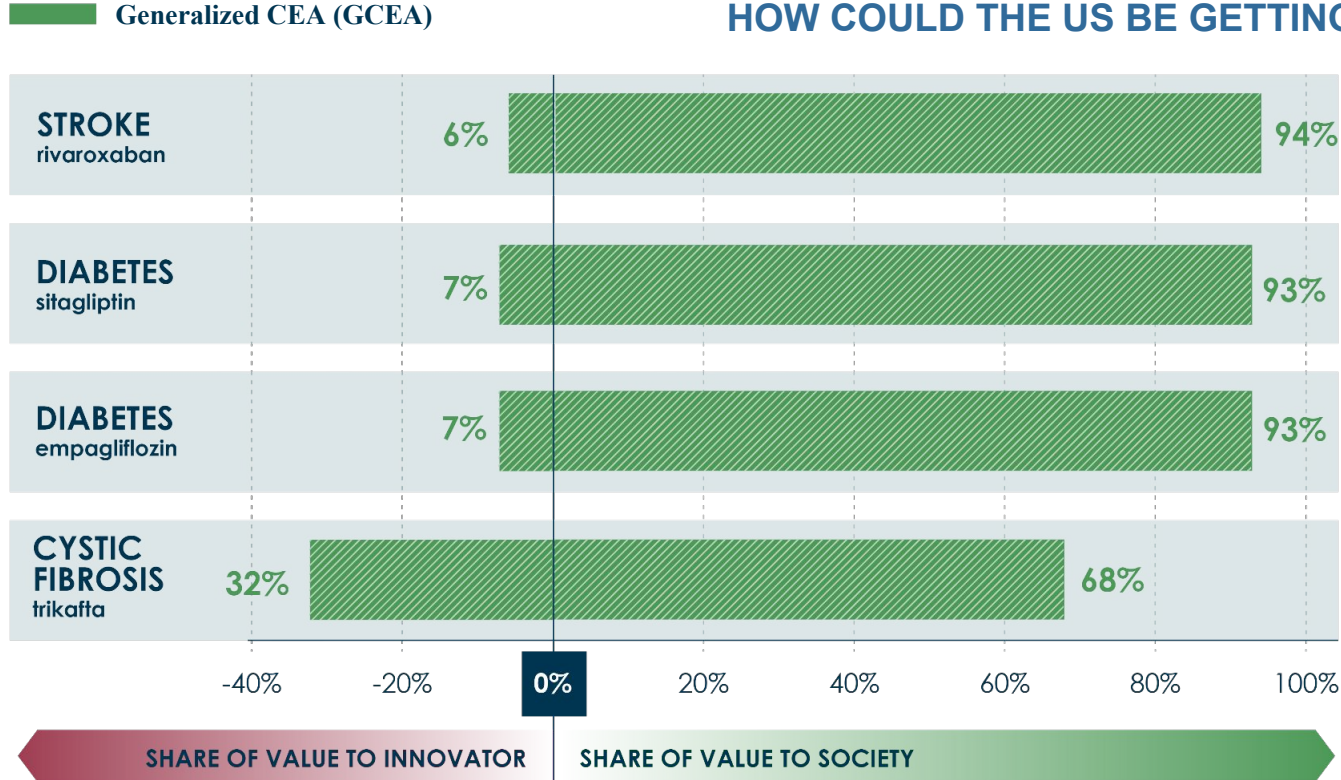
SOME SAY YES.



Turns out...
NO.

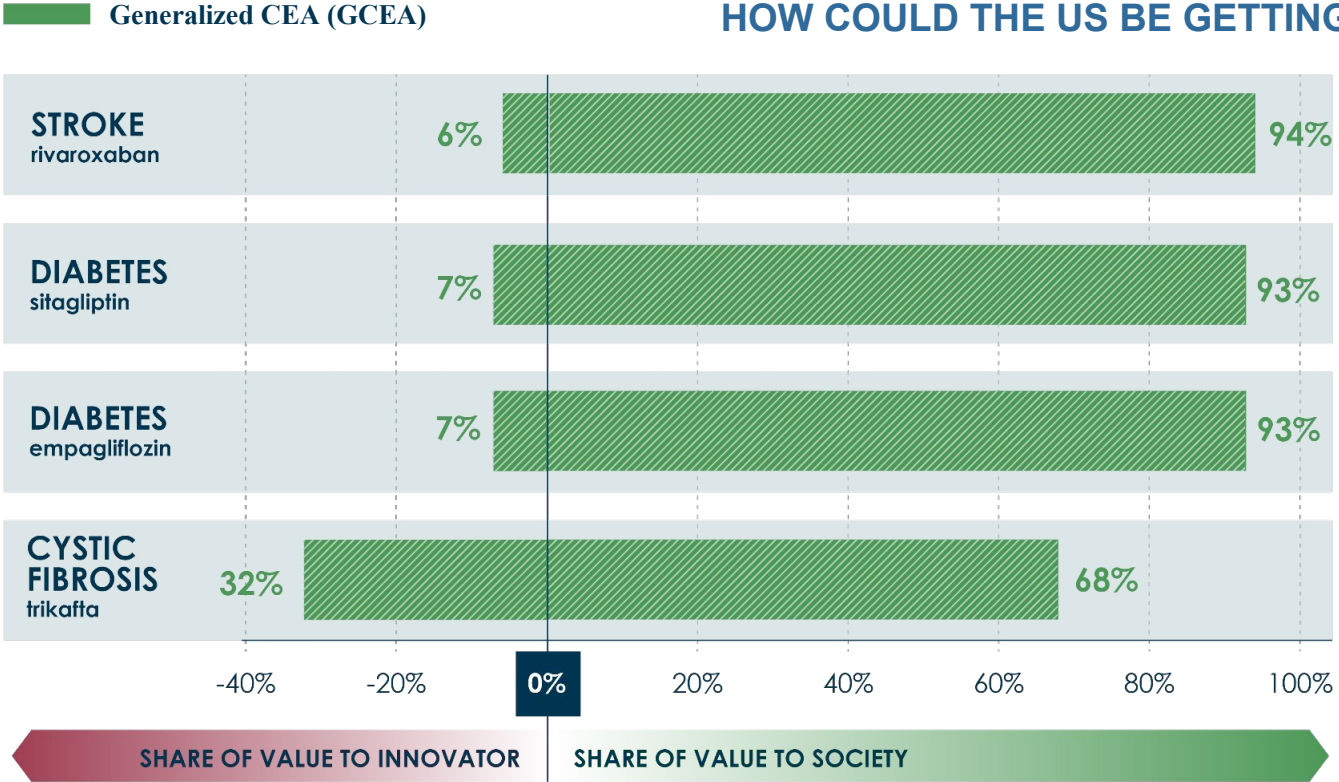
If the drug industry is so rapacious
and has all the pricing power,

HOW COULD THE US BE GETTING SUCH A BARGAIN?



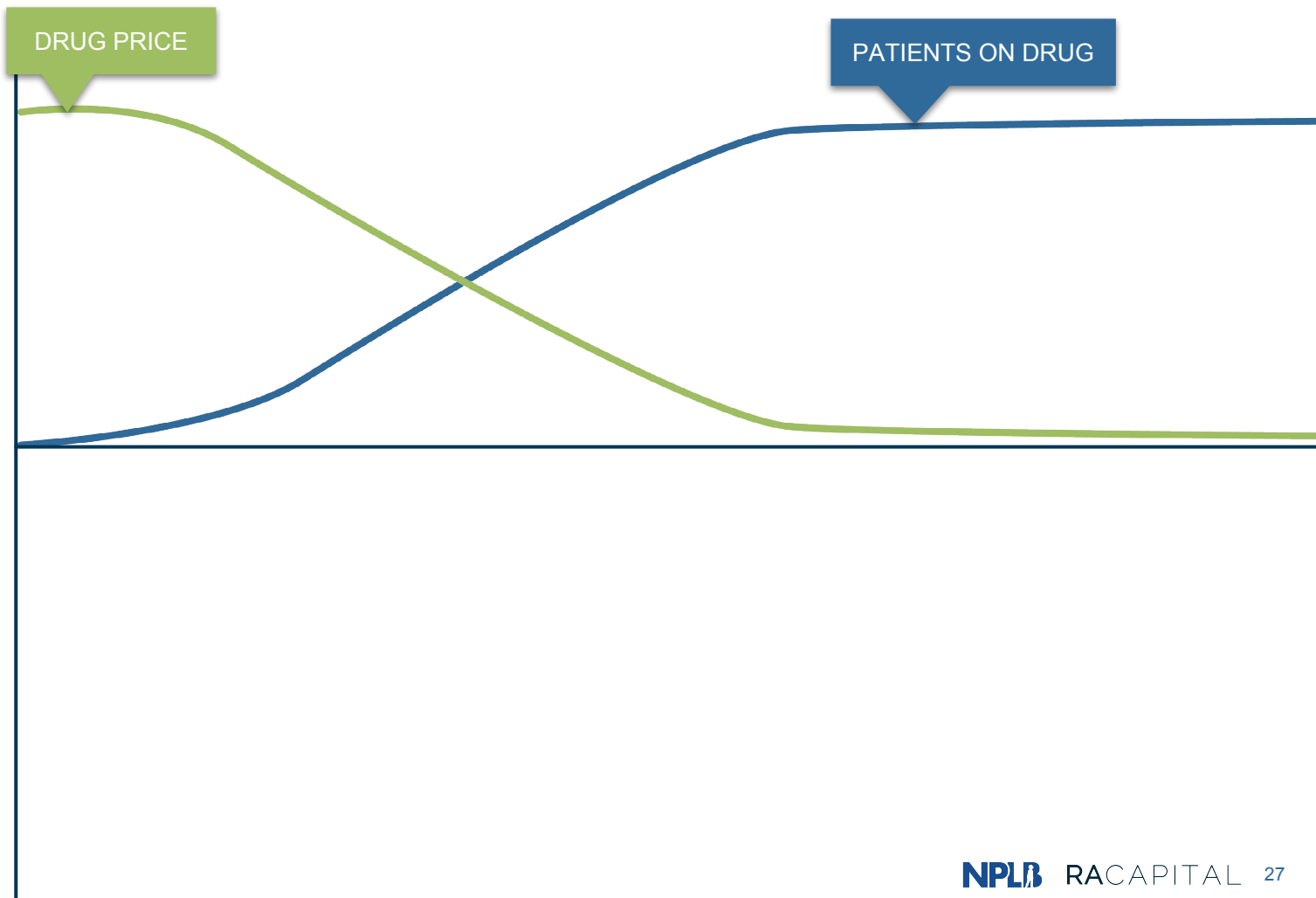
If the drug industry is so rapacious
and has all the pricing power,

HOW COULD THE US BE GETTING SUCH A BARGAIN?

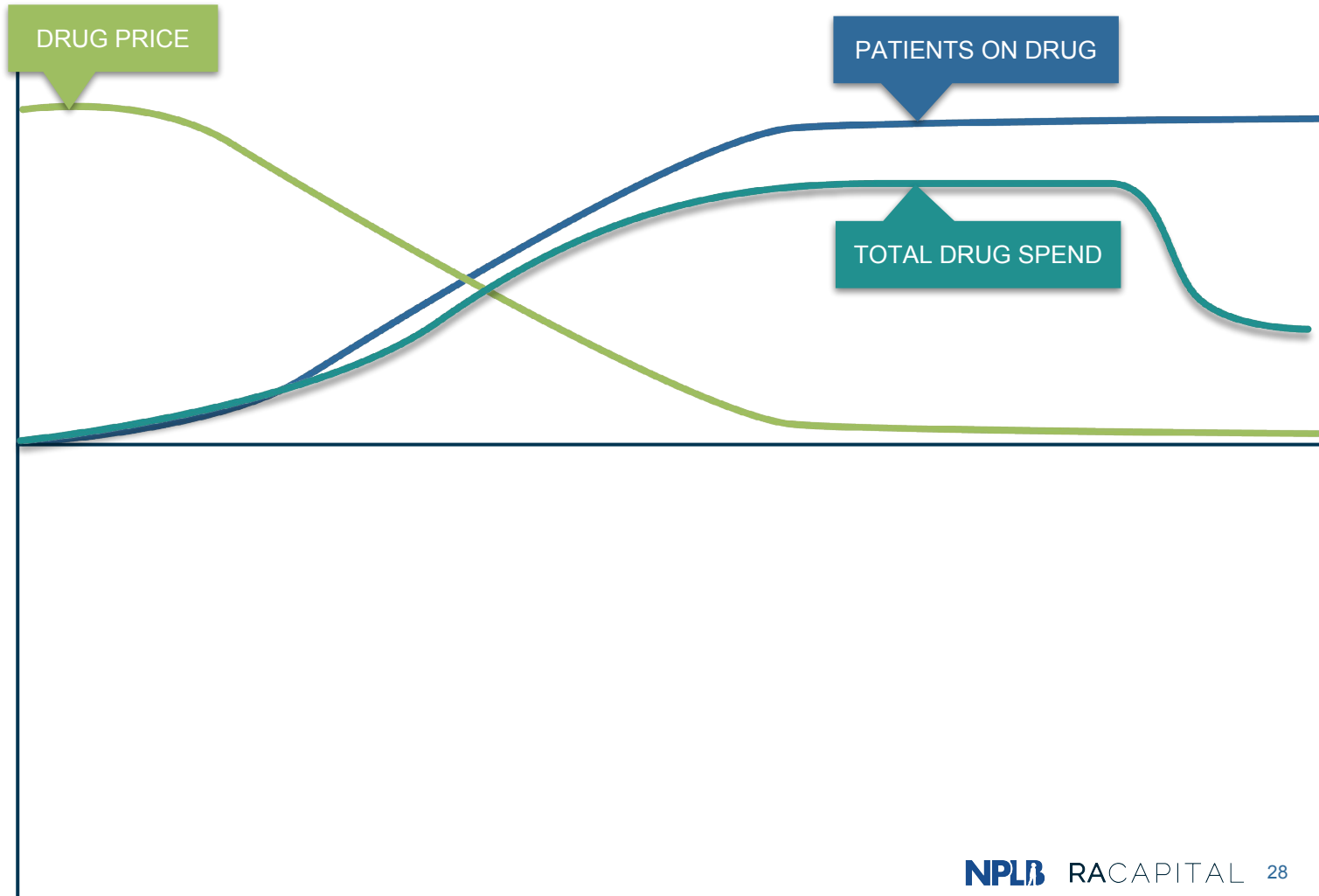


Because payors negotiate...
THERE'S BEEN A MARKET ALL ALONG.

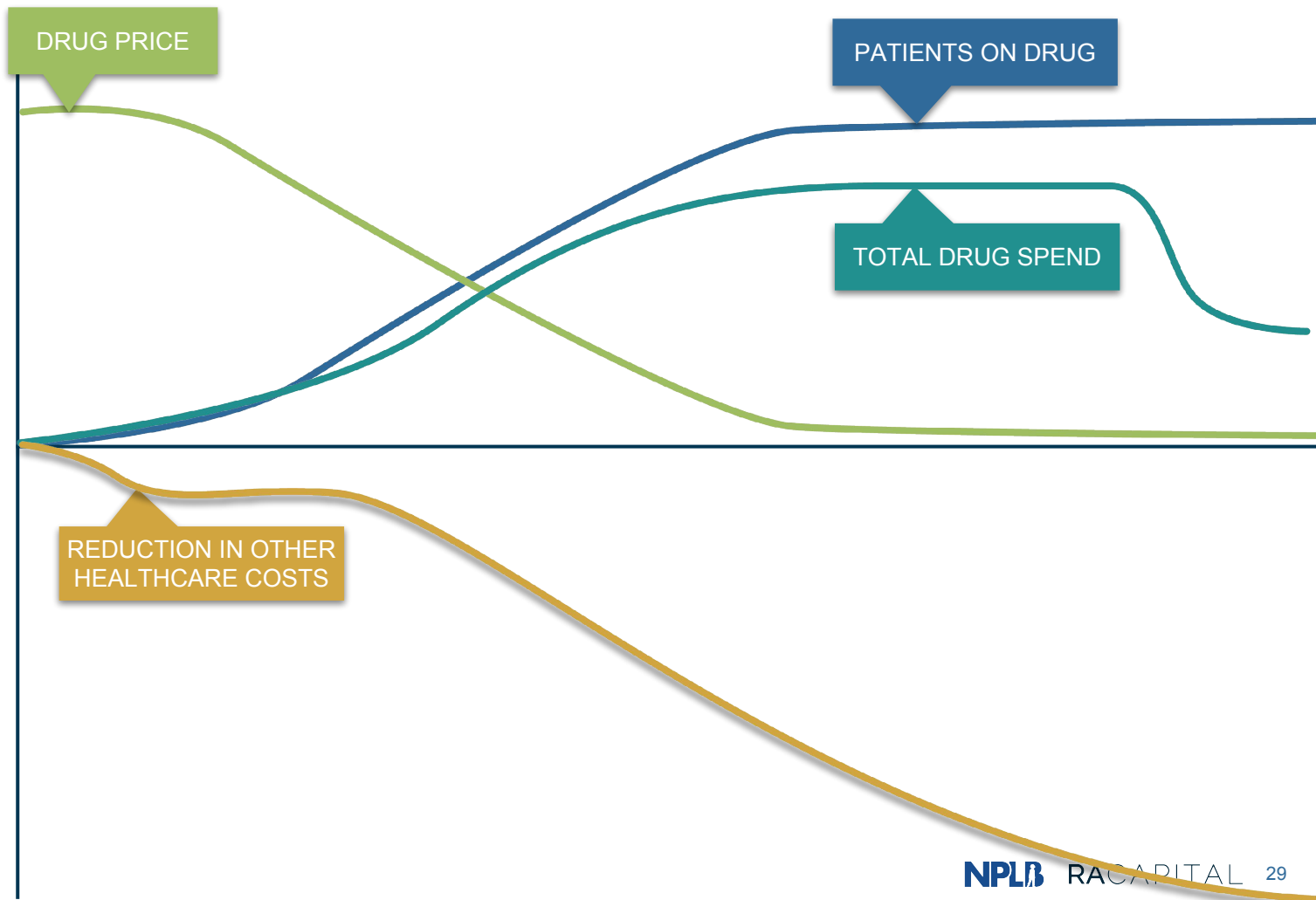
How quickly prices will drop is a function of competition and how quickly payors agree to broaden access in exchange for lower prices.



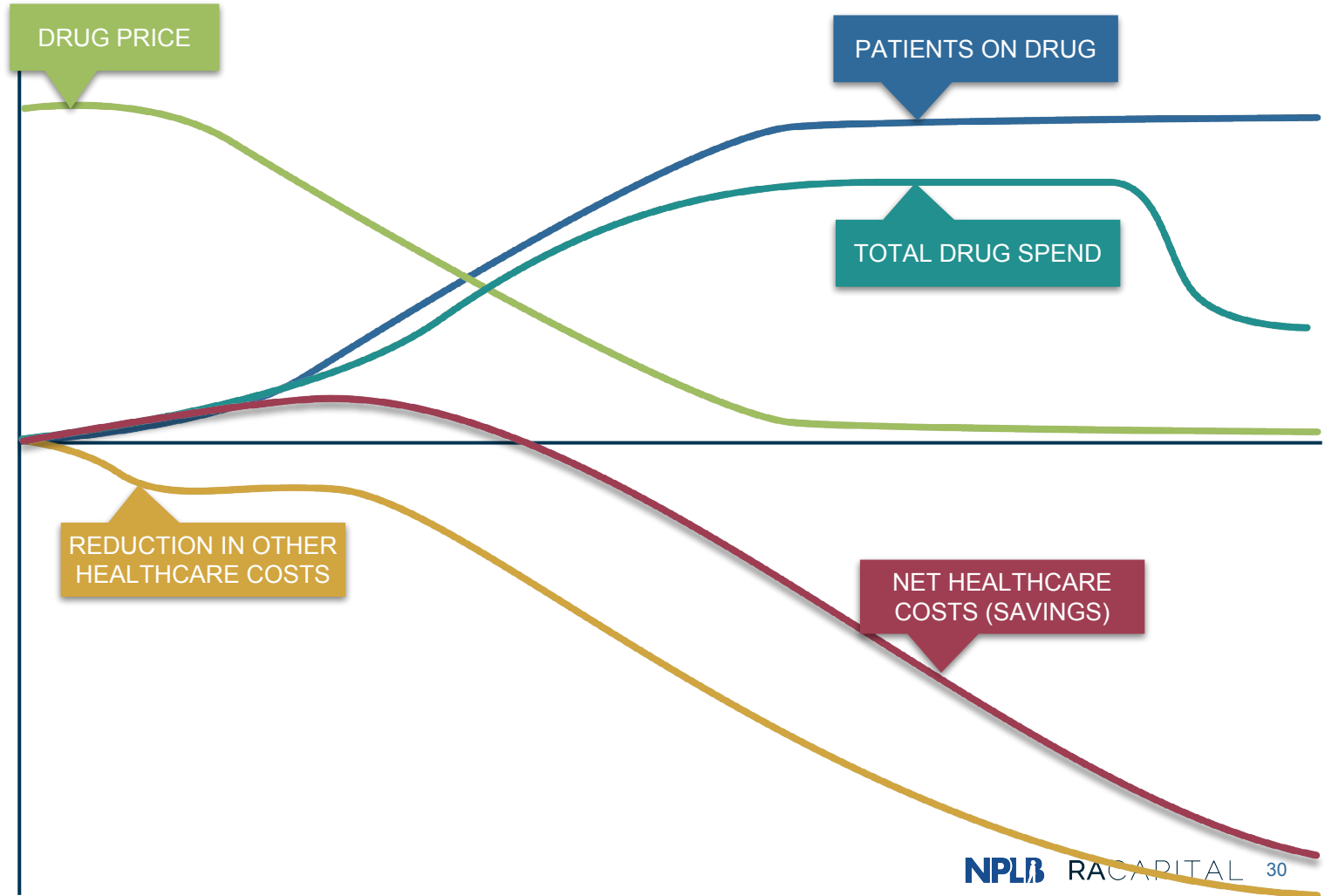
How quickly prices will drop is a function of competition and how quickly payors agree to broaden access in exchange for lower prices.



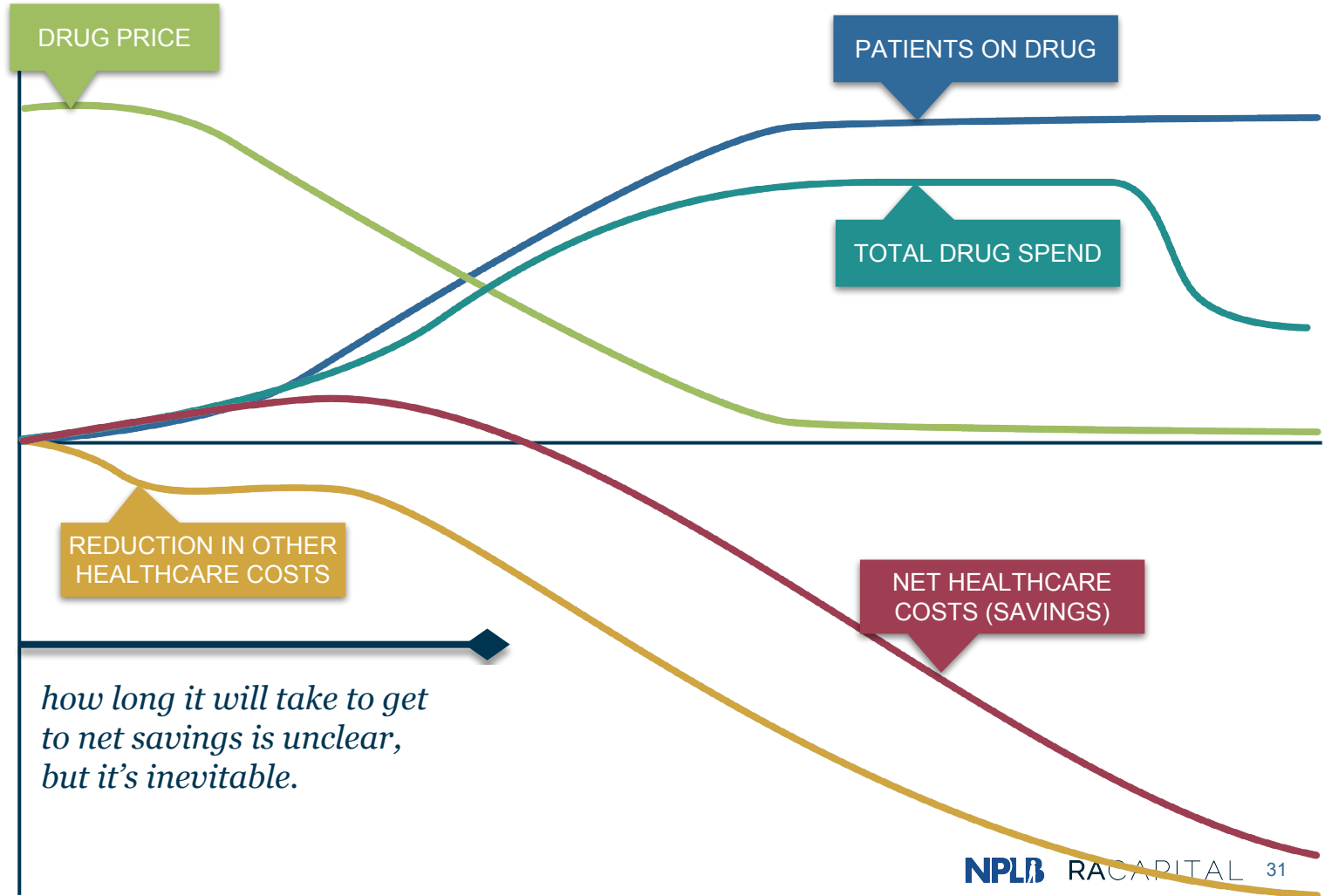
How quickly prices will drop is a function of competition and how quickly payors agree to broaden access in exchange for lower prices.



How quickly prices will drop is a function of competition and how quickly payors agree to broaden access in exchange for lower prices.

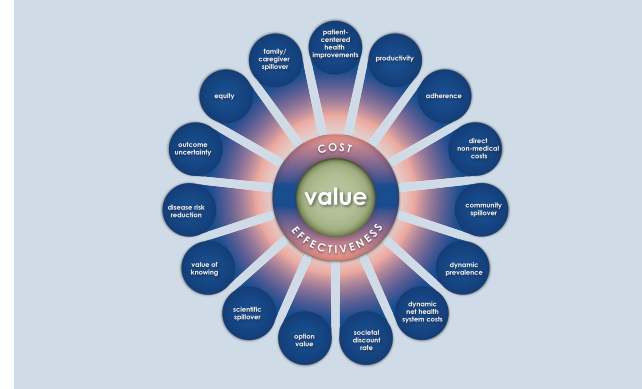
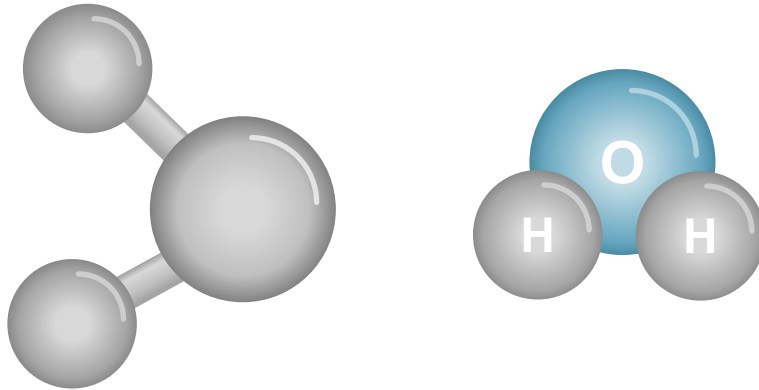


How quickly prices will drop is a function of competition and how quickly payors agree to broaden access in exchange for lower prices.



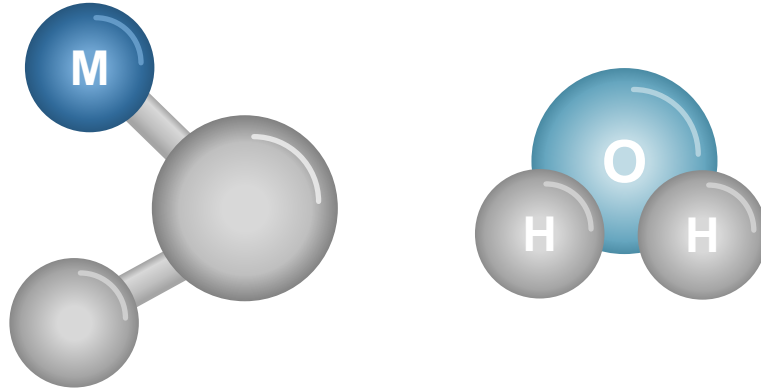
how long it will take to get to net savings is unclear, but it's inevitable.

Affordable Innovation requires:



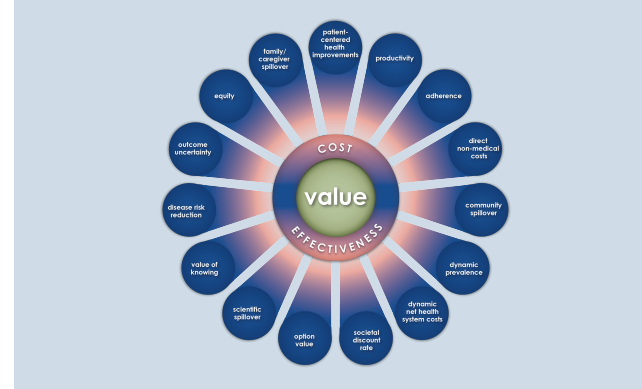
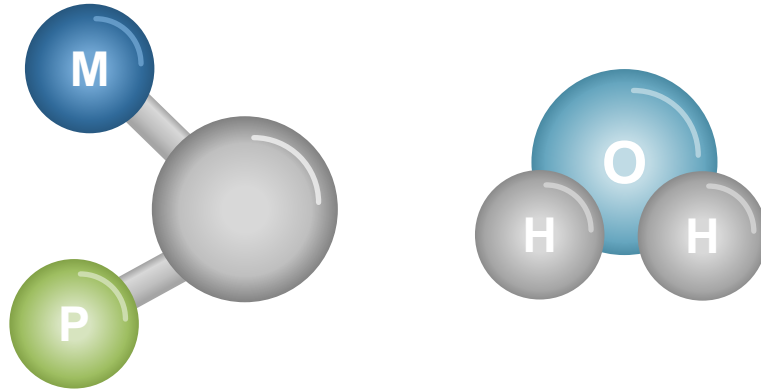
Affordable Innovation requires:

Market-based pricing



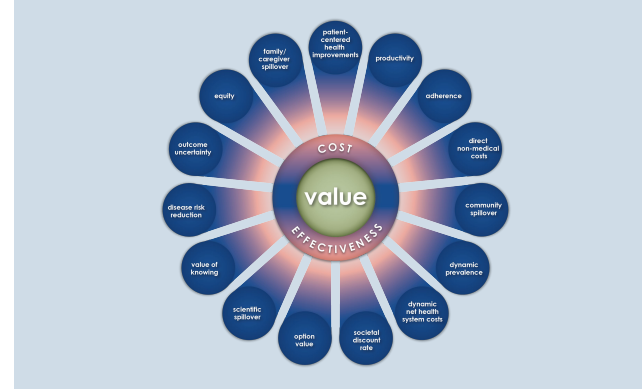
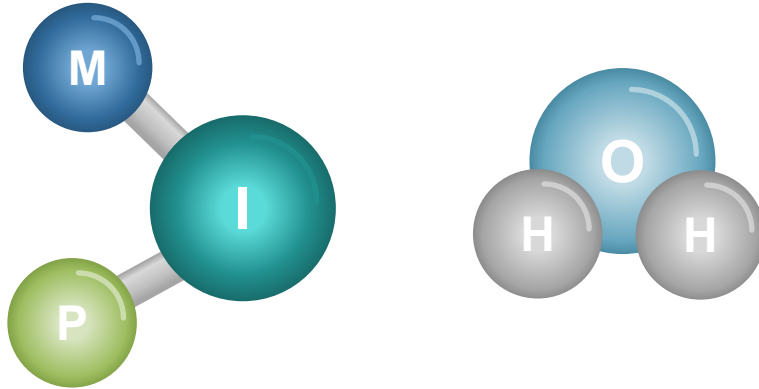
Affordable Innovation requires:

Market-based pricing with a **Patent-intended** period of exclusivity



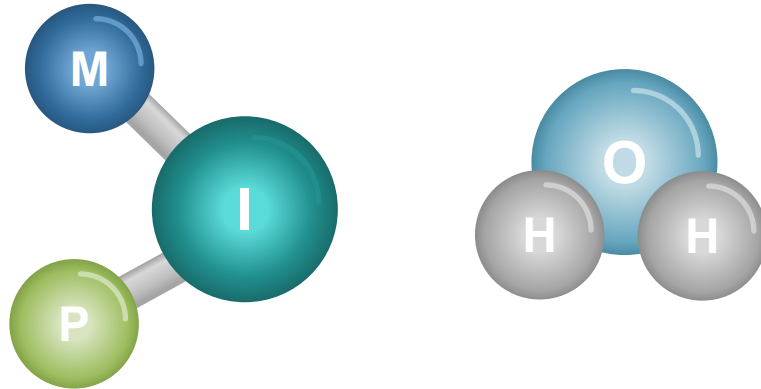
Affordable Innovation requires:

Market-based pricing with a **Patent-intended period of exclusivity** made affordable via proper **Insurance**, which means low out-of-pocket costs.



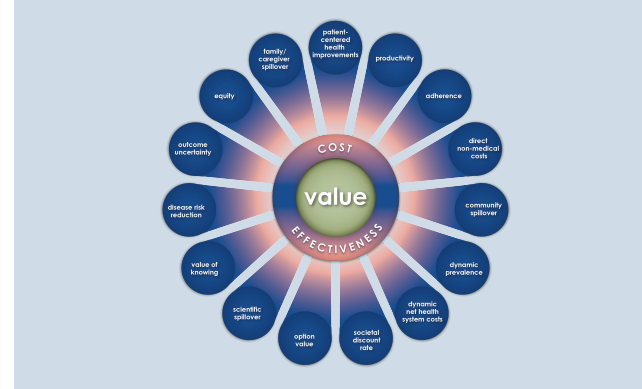
Affordable Innovation requires:

Market-based pricing with a **Patent-intended period of exclusivity** made affordable via proper **Insurance**, which means low out-of-pocket costs.



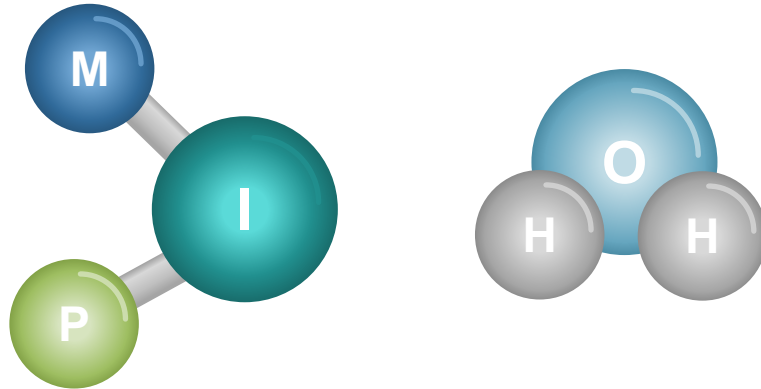
SOLVE AFFORDABILITY BY LOWERING OOP COSTS

Europe does this pretty well... when it's covered, it's covered.



Affordable Innovation requires:

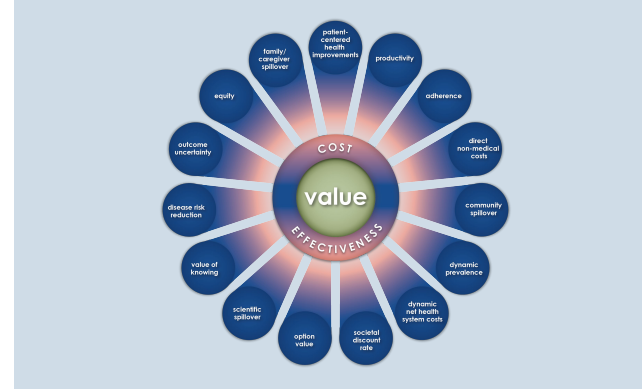
Market-based pricing with a **Patent-intended period of exclusivity** made affordable via proper **Insurance**, which means low out-of-pocket costs.



SOLVE AFFORDABILITY BY LOWERING OOP COSTS
Europe does this pretty well... when it's covered, it's covered.

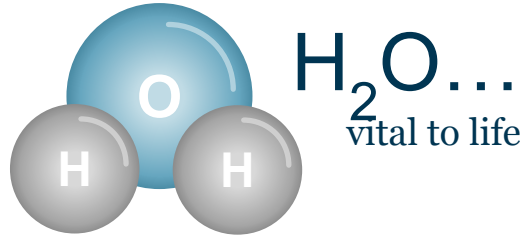
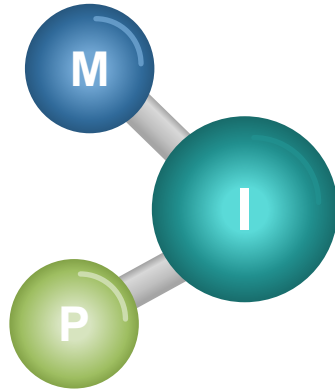


GET VALUE FOR SOCIETY BY ENSURING ALL DRUGS GO GENERIC
after their patent-intended period of exclusivity (~14 years)



Affordable Innovation requires:

Market-based pricing with a **Patent-intended period of exclusivity** made affordable via proper **Insurance**, which means low out-of-pocket costs.



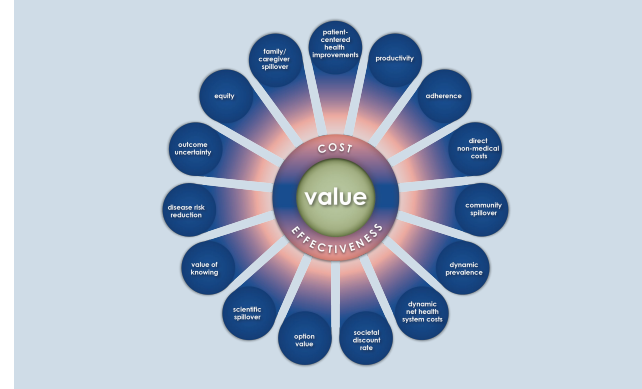
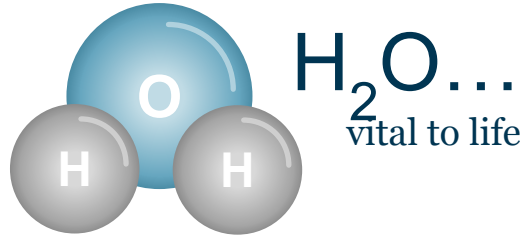
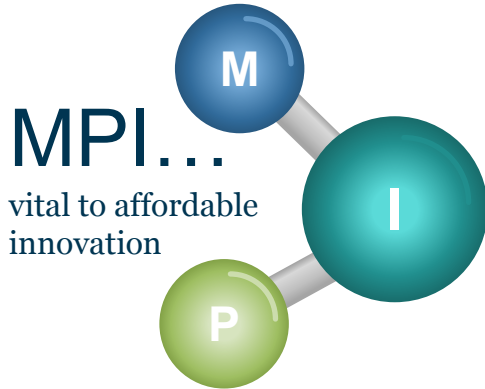
➤ SOLVE AFFORDABILITY BY LOWERING OOP COSTS
Europe does this pretty well... when it's covered, it's covered.

➤ GET VALUE FOR SOCIETY BY ENSURING ALL DRUGS GO GENERIC
after their patent-intended period of exclusivity (~14 years)



Affordable Innovation requires:

Market-based pricing with a **Patent-intended period of exclusivity** made affordable via proper **Insurance**, which means low out-of-pocket costs.



➤ **SOLVE AFFORDABILITY BY LOWERING OOP COSTS**
Europe does this pretty well... when it's covered, it's covered.

➤ **GET VALUE FOR SOCIETY BY ENSURING ALL DRUGS GO GENERIC**
after their patent-intended period of exclusivity (~14 years)



Consider the consequences of being wrong...

- **UNDERVALUING ANYTHING RESULTS IN GETTING LESS OF IT**
If markets don't offer high enough incentives, investors won't invest (even if academics say they should)
- **TRADITIONAL CEA IS FLAWED AND UNDERVALUES MEDICINES**
Ignores that drugs go generic, caregiver benefits, changes in future prevalence...



Consider the consequences of being wrong...

- **UNDERVALUING ANYTHING RESULTS IN GETTING LESS OF IT**
If markets don't offer high enough incentives, investors won't invest (even if academics say they should).
- **TRADITIONAL CEA IS FLAWED AND UNDERVALUES MEDICINES**
Ignores that drugs go generic, caregiver benefits, changes in future prevalence...
- **HOW TO *DO* CEA BETTER CAN BE DEBATED... BUT...**
How CEA can be better is NOT today's question. The question is...



Consider the consequences of being wrong...

- **UNDERVALUING ANYTHING RESULTS IN GETTING LESS OF IT**
If markets don't offer high enough incentives, investors won't invest (even if academics say they should).
- **TRADITIONAL CEA IS FLAWED AND UNDERVALUES MEDICINES**
Ignores that drugs go generic, caregiver benefits, changes in future prevalence...
- **HOW TO *DO* CEA BETTER CAN BE DEBATED... BUT...**
How CEA can be better is NOT today's question. The question is...
- **GIVEN THE FLAWS OF CURRENT CEA AND THE CONSEQUENCES FOR EVERYONE OF GETTING THIS WRONG,**
then might it make sense to *not* promote such CEA to the US as better than the US's current market-based approach?

