

# Flat Pricing Strategies Across the Eight Major Markets

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## Objectives

Flat pricing refers to a single fixed price per unit for a given dosage form regardless of strength and pack size. This pricing strategy can have significant implications particularly when factoring in high cost, extensive utilization, and typical occurrence of dose reductions as seen within the oncology space. This analysis therefore looks to provide insight into flat pricing strategies across the eight major markets (US, France, Germany, Italy, Spain, UK, Japan, and China). Factors that are taken into consideration include drug and molecule type, frequency of application in each of the eight major markets, and therapy area.

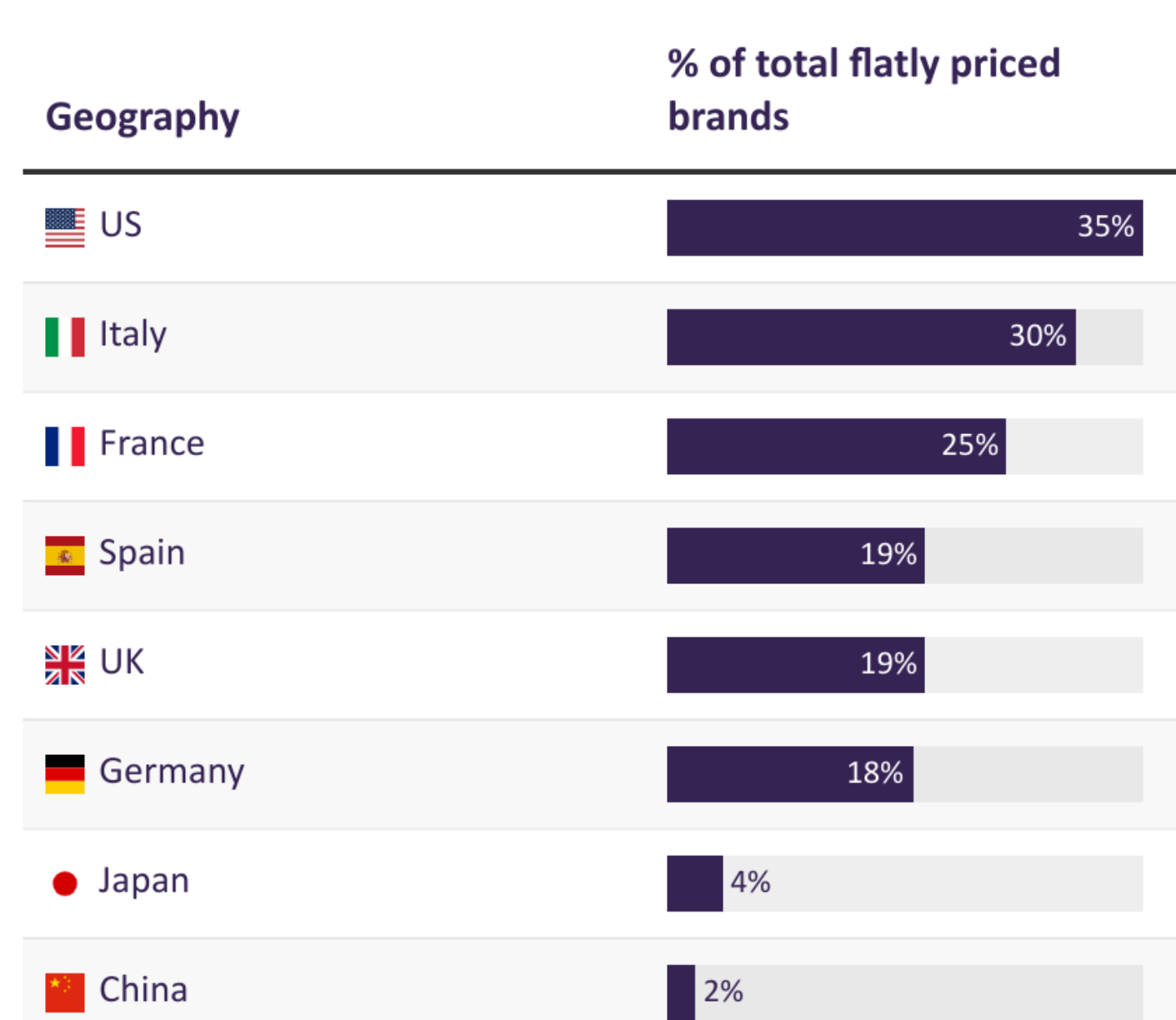
## Methods

All brands where flat pricing occurred across the eight major markets with an available pricing history within GlobalData's Price Intelligence (POLI) database were identified. A brand was considered to have "flat pricing" if the different packs of a given active ingredient had the same brand name, company, dosage form, and ex-manufacturer price but different dosages.

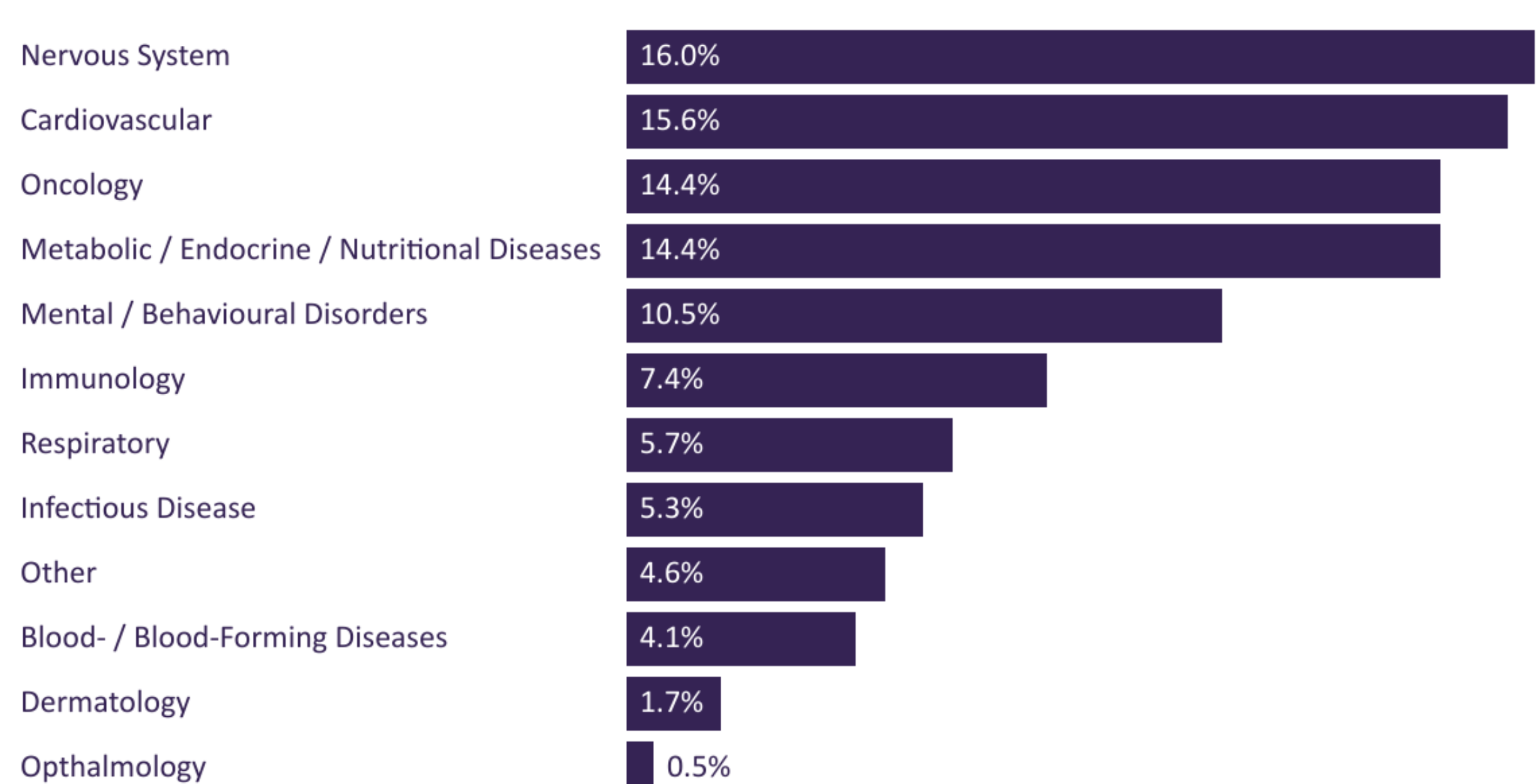
## Results

A total of 1,296 brands were identified as applying flat pricing across the eight major markets. Based on the distribution of these products and available data, most flatly priced brands were identified in the US (35%) followed by Italy (30%). Alternatively, the two major Asian markets (Japan and China) comprised only a small proportion of total brands at 4% and 2%, respectively.

### Distribution of flatly priced brands across the eight major markets

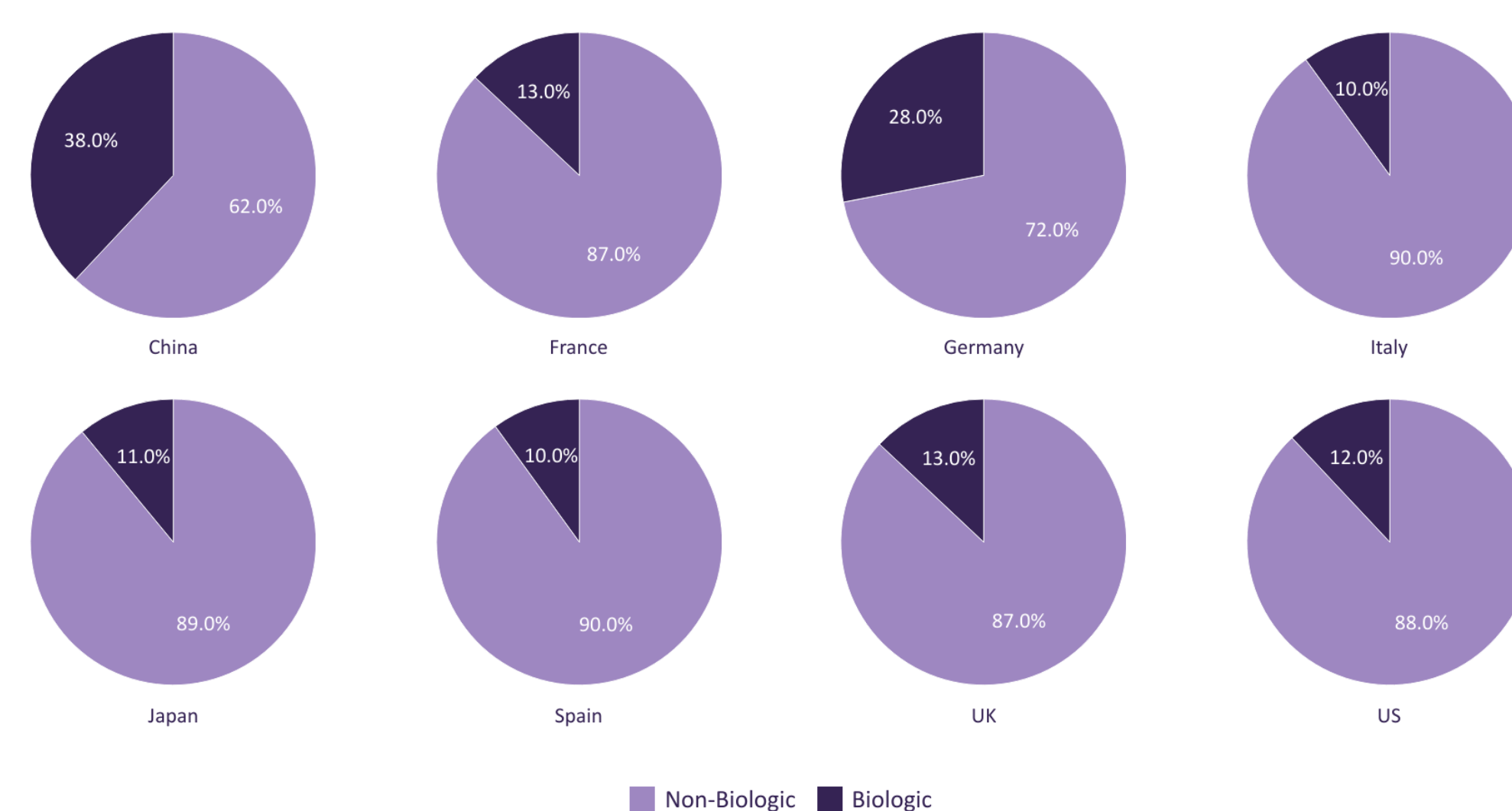


### Distribution of flatly priced brands by therapy area



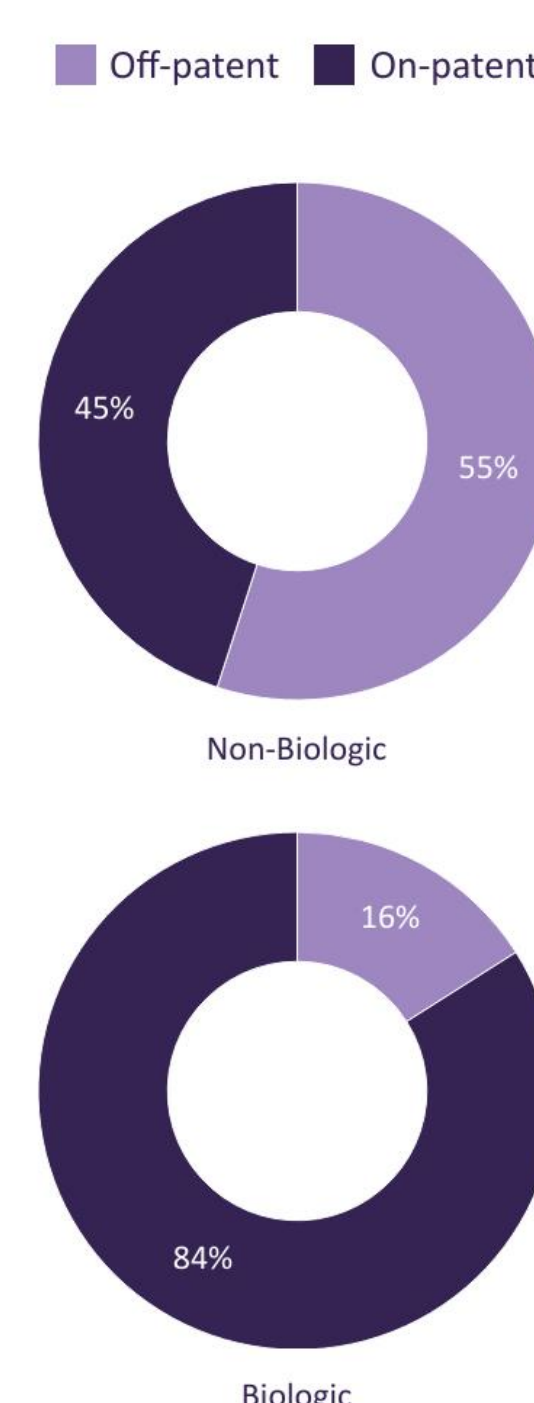
All flatly priced brands were then grouped according to therapy area, with most flatly priced brands being approved for indications within neurological disorders (16%) followed by cardiovascular diseases (15.6%) and metabolic disorders (14.4%). Of the non-orphan indications, 11% of brands with flat pricing specifically fell within type 2 diabetes, followed by epilepsy (4%). Only 8% of brands with flat pricing applied had an orphan drug designation.

### Distribution of flatly priced brands by market and molecule type



For brands priced both flatly and linearly, the percentage of packs that were flatly priced ranged from an average of 48% in Japan to 58% in France and the US. The distribution of these flatly priced brands was then compared by market and molecule type. In each of the eight major markets, the majority of flatly priced brands were for non-biologics (small molecules). However, in China where a low number of brands are flatly priced, a significant 38% of these brands were biologics compared to the rest of the eight major markets.

### Distribution of flatly priced brands by patent status



Within each molecule type, a comparison was then made between off-patent and on-patent medicines based on their pricing pattern. Across the different molecule types, 91% of on-patent biologics had flat pricing applied compared to 45% of on-patent non-biologics (small molecules). Within small molecules, 55% of brands that had flat pricing were off-patent compared to only 9% of off-patent biologics that have undergone flat pricing. Despite the trend within small molecules, European markets such as Germany, Italy, Spain, and the UK saw a greater percentage of on-patent small molecules having flat pricing than off-patent, ranging from 51% in Spain to 68% in the UK.

## Conclusions

Most flat pricing commonly occurs in the US followed by the major European markets (Italy, France, Spain, UK, and Germany respectively), while only a small percentage of flatly priced brands were identified in the Asia-Pacific region (Japan and China). Flat pricing is more often used as a pricing strategy for non-biologics/small molecules rather than biologics, a trend seen across all eight major markets. Where biologics were flatly priced, it was commonly applied to patent-protected biologics rather than off-patent biologics. The opposite trend is seen in small molecules, where flat pricing is used for off-patent medicines potentially to protect prices against competition in saturated markets such as type 2 diabetes where the cost is also consistent across different doses. Across therapy areas, flat pricing occurs within neurological disorders, cardiovascular diseases, oncology, and metabolic disorders. These are key therapy areas that apply extensive utilization of medicines, variation and reductions in dosing frequencies, and high costs. Flat pricing therefore provides a possibility for developers to keep prices and costs high where dosing reductions and price erosions occur.