CONTRIBUTION BY THE EGA TO THE PHARMACEUTICAL FORUM RELATIVE EFFECTIVENESS WORKING GROUP

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In this document, the EGA gives its opinion on Relative Effectiveness and Innovation, and comments on the "First draft of the Working Group's report on data & methodology in relation to relative effectiveness" (dated 12 January 2007, Reference PharFor/WG RE/2006/12).

1. Relative Effectiveness and Innovation

Relative Effectiveness is defined by the working group as the extent to which an intervention does more good than harm compared to one or more intervention alternatives for achieving the same desired results when provided under the usual circumstances of health care practice.

The EGA endorses pharmaceutical innovation and recognises the existence of incremental as well as breakthrough innovation. However, the generic medicines industry is concerned that certain product changes, which claim to bring innovation, in fact offer little added benefit to patients. Such products are rather designed to prolong the life cycle of the originator product and to stop competition from generic alternatives and bring no added value to the effectiveness of existing treatments.

The EGA recognises three forms of innovation:

- **Incremental innovation** - new dosage forms and new formulations.
- **Stepwise innovation** - different molecules of one chemical family offering some differences in properties, e.g. indications, side effects, and drug metabolism.
- **Breakthrough innovation** – a really new approach to a disease / a New Chemical Entity (NCE).

However, in all cases innovation is only genuine if it can demonstrate added therapeutic benefit to patients compared to therapeutic alternatives i.e. relative efficacy.

As many medicines are being developed, it should be clear that only products that bring real added therapeutic value/benefits to patients and which are truly cost-effective compared to established pharmacotherapies should be adequately reimbursed.

2. The Relationship between Relative Effectiveness and Cost Effectiveness: the Need for Clear Definitions and Criteria

It is the mission of the Working Group on Relative Effectiveness to support Member States applying Relative Effectiveness in order to allow containment of pharmaceutical costs and to fairly reward for innovation (see Draft Report section 1.1 Mandate and overview of the work performed in the Working Group).

The Working Group on Relative Effectiveness should set out clear criteria/limitations in order to reward real clinical relevant innovation and not chemical/technical improvement with no added value towards patient treatments[i].

Regarding the containment of costs for pharmaceutical treatments for patients a clear relationship between relative effectiveness and cost effectiveness should be defined. The working group aims to define and set up a Relative Effectiveness Assessment in order to allow Member States to better manage Pricing and Reimbursement of medicines to improve pharmaceutical budget controls. The emphasis of the WG should be to agree on the required data , methodology and evaluation needed for determining the Relative Effectiveness of new medicines. Cost effectiveness is another further process using, among others, relative effectiveness data and evaluations. This is the responsibility of national pricing and reimbursement agencies. However it should be recognised by the Working Group that a higher generic penetration in Member States markets is crucial to enable Member States to reimburse expensive innovative products.

Generic Medicines companies develop, produce and market affordable high quality off-patent medicines, which stimulate innovation through competition and allow financial headroom for innovation[ii].

Generics companies also develop and produce new formulations, methods of delivery and dosage regimes which might have an added value for patient treatments.
Existing Pricing & Reimbursement systems in the Member States should therefore allow generic medicines with added value for patient treatment to also apply for higher prices throughout a Relative Effectiveness Assessment.

3. Temporary Reimbursement before a Definitive Decision on the Innovative Character of Novel Medicines

At the moment of registration the efficacy and relative safety are evaluated. Innovation presents itself often in stages. The option to allocate more time to the developer of new medicine to prove the value of each stage is important.

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[i] *"(…)in the last 20 years far too many "new drugs" have been only insignificant variants on those already existing, and real breakthroughs have been virtually absent."* Professor M.N. Graham Dukes, Department of Pharmacotherapy, University of Oslo, Bulletin of the World Health Organization Volume 83, Number 5, May 2005, 321-400 "Priority medicines and the world" WHO - Ref. No. 05-021618.

[ii] Savings from use of competitive generic equivalents can be used to finance reimbursement of truly innovative products

The introduction of real breakthrough products, offering a previously unknown option to treat disease form a category apart.

However, it is important to continuously evaluate the performance of the product and keep a close watch on possible unknown side effects. Medicines that offer improved treatment should finally be judged on hard endpoints.

To bridge the situation between registration and final evaluation, a temporary reimbursement situation could be created, taking into account the promising value of the medicine on the basis of the existing clinical documentation. But in the case of a temporary reimbursement, it should be mandatory that clear relevant criteria (relevant surrogate parameters) are set, upon which a decision for temporary reimbursement should be based It would be advisable that these criteria should be used and possibly shared by the EU countries.

The level of reimbursement is country specific and must be compatible with the system used in each country.

The time limitations for submission of additional information and data must be decided. Ultimately the innovative properties of a new medicine should be demonstrated by hard endpoints, showing a clear and better outcome :

- Improved outcome with respect to quality and quantity of life
- Products offering the same clinical result with far fewer side effects or a far better tolerance level.

If a product hasn't lived up to expectations, the temporary reimbursement status should be re-evaluated and adapted to the new situation. (Note: It is of course always difficult to change a situation if the medicine has not lived up to its expectations. Doctors and patients will be reluctant to accept the consequences. But this has to be communicated well and the doctor has to be addressed on his/her professional responsibility. Co-payment could solve this issue.)

The introduction and application of such a temporary reimbursement system must remain the decision of the individual Member State as this could be a costly mechanism to operate for certain EU countries. Moreover, to finance such a system EU Member States should consider stimulating greater penetration and better usage of competitive priced generic medicines. According to a recent study by Leuven University, savings of 27-48% could be generated by greater use of generic medicines[iii] . It would therefore seem logical only to introduce the temporary reimbursement system in conjunction with a co-ordinated policy to increase patient access to generic medicines.

[iii] Simoens, Prof. Dr Steven and Sandra De Coster, *Sustaining Generic Medicines Markets in Europe*, Research Centre for Pharmaceutical Care and Pharmaco-economics, April 2006, pp. 11, 84-91.
Available on the internet at: www.egagenerics.com/doc/simoens-report_2006-04.pdf .

4. Conclusion: Proposed Adaptations to the Working Group Report on Data & Methodology in Relation to Relative Effectiveness

- **A clear relationship should be defined between relative effectiveness and cost effectiveness.**
- **Real pharmaceutical innovation must be rewarded. Therefore a set of criteria/limitations has to be defined to enable Member States to reward real innovation.**
- **Recognition of the importance of competition by Generic Medicines and other similar medicines in order to control Member States' budgets.**
- **Innovation by Generic Companies should also be rewarded by Relative Effectiveness Assessments.**
- **Temporary reimbursement can be considered if clearly limited in time and with a definition of hard end points before definitive reimbursement for innovative products is granted.**