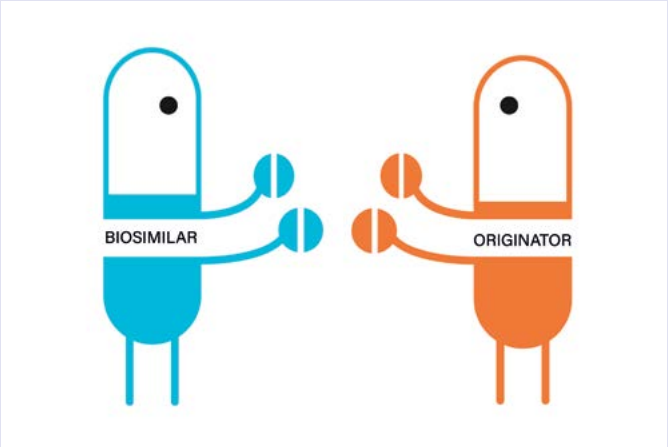
The Biosimilar Challenge: It's 'game-on' in the Bio Battle



The 'biosimilar challenge' (or 'bio battle') is one of the most significant commercial changes we have seen in the pharma industry. Adelphi has applied expertise and knowledge from recent research conducted around biosimilars to assess the overall impact on patients, payers and physicians alongside the commercial implications for pharma.

The Emergence of Biosimilars

Since the late 1990s there's been an explosion in the availability of complex biological molecules, which have become established as hugely successful brands in the treatment of cancer (e.g. Herceptin, Avastin, Rituximab and Erbitux) and autoimmune disease (e.g. Humira, Enbrel, Remicade, MabThera and RoActemra to name a few).

However, the once stable market is now under attack from a number of biosimilars that pose a significant challenge and threaten the originator brands.

These include the infliximab biosimilars Inflectra and Remsima, the etanercept biosimilar Benepali (launched last year) and biosimilars to adalimumab, filgrastim and bevacizumab preparing to launch on the horizon.

Biosimilar Cost-Savings in Reality

Whilst biosimilars incur less R&D investment than the originator molecule, complex manufacturing processes and strict quality control requirements are costly and therefore the price advantage of a biosimilar over the originator is typically around 30%. However, this translates into considerable cost-savings when used across a wide patient base, given the high unit prices involved.

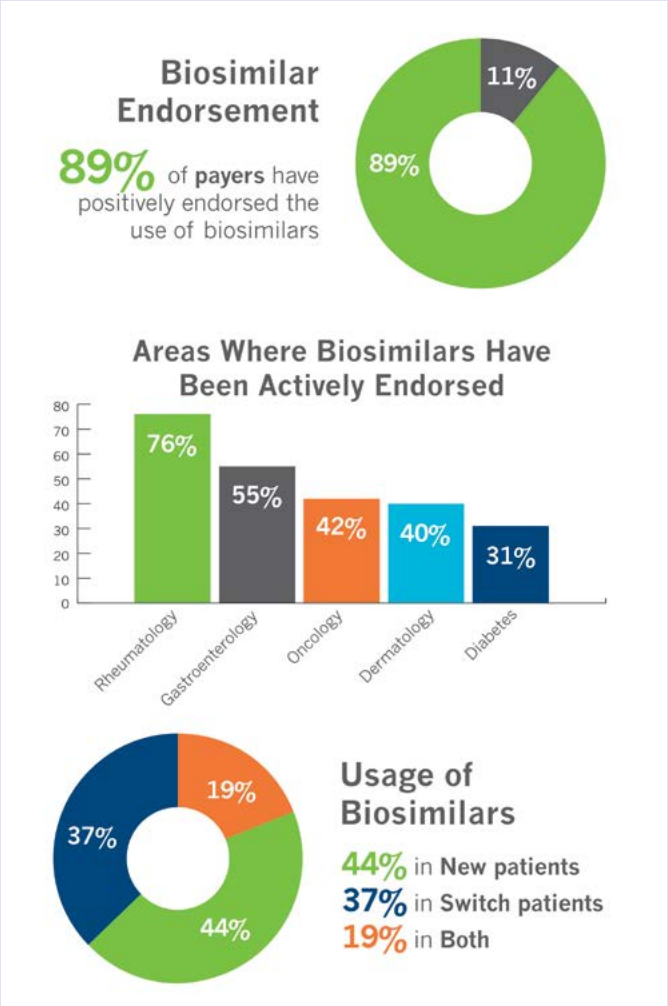
But it's not just about the cost-savings – there are multiple perspectives to consider.

The Payers' Perspective

The increasing availability of multiple biosimilars is fuelling more intense price negotiation and discounting.

We have recently seen real impact of Gain Share agreements between CCGs and Trusts. Savings afforded from switching to biosimilars are being shared between the CCG and provider trusts and reinvested into the local unit for staff and equipment – a very visible and local incentive to both payers and HCPs to increase their biosimilar use.

In fact, recent self-funded work, showed that 89% of UK payers now positively endorse the use of biosimilars across a range of therapy areas – especially in rheumatology.



Source: Adelphi Online Survey with N=55 Trust Pharmacists/CCG Commissioners/CCG HMM/HMOs

Theoretically cost-savings should be freeing up funds for new branded therapies such as JAK Inhibitors but we have seen little evidence of this at present.

The Physicians' Perspective

Originally many prescribers were reluctant to try biosimilars due to questions around the robustness of clinical trial data and long-term safety. Since then however, we have seen a marked change in both payer and clinician attitudes.

Positive experience of using infliximab biosimilars in gastro infusion clinics has had a big impact on the overall confidence of biosimilars.

The pressure is now on to undertake the same in rheumatology, dermatology and oncology, where large volumes of patients will yield huge savings for the CCG.

However, with this brings the issue of how to facilitate such a mass switch where nurses and pharmacists are already at capacity.

The Patients' Perspective

Our experience suggests that patients were initially reluctant to switch from their tried and tested treatment to a biosimilar.

However, positive experience of switching in other therapy areas especially gastro patients receiving infliximab infusions has fuelled physicians' confidence.

HCPs are now more confident in reassuring and encouraging patients to switch to biosimilars in this and other areas.

There is also the feeling that patients should 'do their bit' to save a financially strapped NHS by taking the lower cost biosimilar option. Whilst there is no direct pressure or coercion in place there are certainly psychological biases at play here that are driving both physician and patient behaviours.

The Impact on Pharma

So, what can be done to offset the onslaught? Many major pharma companies are investing themselves in the development of biosimilars.

This makes for an interesting dynamic in the industry where companies are rigorously defending their own branded biologic patents whilst simultaneously developing biosimilar versions of competitors to take into the market.

We have already seen some originator brands cutting prices and making significant cuts to Beyond the Pill services to enable discounted prices.

How can marketing help? One option is to identify patient subgroups where it has taken a long time to stabilise and gain positive patient response from originator brands.

We have found through recent self-funded research that there are key biases/heuristics at play in payer decision-making. It could be that the bias 'Loss Aversion' could be tapped into in payer and physician communications to protect share in patients where HCPs do not want to risk throwing away the hard fought progress in vulnerable patients.

This is a very dynamic market and there are lots of things to consider. Pharma needs to be asking themselves questions around whether their value story is right, what evidence are payers looking for and how can pharma best differentiate their offering?

Rachel Medcalf – Managing Director
Adelphi Research UK