

## AN AMBITIOUS WHO RESOLUTION ON MEDICINES TRANSPARENCY IS AN IMPORTANT STEP TOWARDS ACHIEVING FAIR MAXIMUM MEDICINES PRICES

Several World Health Organization Member States have tabled a Resolution on medicines transparency at the World Health Assembly. The International Association of Mutual Benefit Societies (AIM) has read this resolution and welcomes the text as we believe it can bring some long-needed change towards fair maximum prices.

AIM has been concerned since many years with the prices of pharmaceuticals and healthcare technologies. High prices hamper access to healthcare technologies for millions of people in an increasing number of countries. Lack of access is no longer an issue for lower-and middle-income countries alone, as cases of excessive medicines pricing and difficult pricing negotiations have made it to the headlines recently in the UK, the Netherlands and many more high-income countries. High prices of new medicines give rise to more and more discussions, not only because of the intransparent way in which the prices are established, but also because of the uncertainties regarding those medicines' clinical performance as well as their cost.

As a consequence, new medicines are often subject to managed entry agreements (MEAs) between marketing authorization holders and governments, in order to collect additional clinical information and make arrangements on possible compensations or rebates. The outcome of these negotiations is confidential and information about real prices is only known by the partners of the deal (government and company). There is no exchange of information on real prices between countries, leading to a stagnation of market dynamics and the preservation of the current system of agreements, as it seems the only way to reimburse novel medicines. With many oncology high-price products in the pipeline, more MEAs will be signed in the future. With unclear information on real costs and price setting mechanisms and as pharmaceutical companies anticipate the rebates, list prices might in the future even increase without justification.

If we want to achieve sustainable access to medicines, we need to lift the lid on pharmaceutical companies' practice. More transparency between countries can be a first important step.

This is why we support an ambitious Resolution on improving the transparency of markets for drugs, vaccines and other health-related technologies. We believe that it is high time to bring more transparency and reliable information on pharmaceuticals therapeutic performance, their research and production costs, existing managed entry agreements and their actual price levels. The current practices are rooted in national pharmaceutical systems. As shown by the attempts to water down the Resolution, governments can think they find short term benefit in the current situation which helps them believe they secure access for their population as well as a "good" deal. But only the wealthiest countries have access and no one can tell whether a deal is good unless prices in other countries are disclosed.

It is important to shed more light on opaque prices and costs given the potential benefit of more clarity (better leverage for governments, better knowledge of the market dynamics). Creating a European Fair Maximum Price can be a first step, something that AIM is pleading for. Such a price would cover the expenses of the companies and reward real innovation and it would allow access to innovative drugs to all European citizens according to their ability to pay. Based on a simple and transparent algorithm, the European Fair Maximum Price would cover the real costs of R&D and production, sufficiently compensate

## AIM STATEMENT

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marketing and overall expenses and give a reasonable return to the pharmaceutical companies. Adding an important financial bonus for real innovative treatments according to their therapeutic value would give an incentive to orient R&D to fields where efficient treatments are lacking. The maximum fair price should be differentiated according to the purchasing power, allowing wealthier countries to significantly reduce their costs and countries currently having delayed access or no access to innovative drugs today, to give proper access to their population.

Any step towards bringing fairer drug prices is welcome and the proposed Resolution is a very important one in the right direction. We urge WHO Member States to take this into account in later stages of the discussion.