



REVIEW



An assessment of innovative pricing schemes for the communication of value: is price discrimination and two-part pricing a way forward?

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ABSTRACT

Introduction: With the introduction of new expensive medicines, traditional pricing schemes based on constructs such as price per pill/vial have been challenged. Potential innovative schemes could be either financial-based or performance-based. Within financial-based schemes the use of price discrimination is an emerging option, which we explore in this assessment.

Areas covered: In the short term the price per indication approach is likely to become more prevalent for high cost, high benefit new pharmaceuticals, such as those emerging in oncology (e.g. new combination immunotherapies). 'Two-Part Pricing' (2PP) is a frequently used payment method in other industries, which consists of an Entry Fee, giving the buyer the right to use the product, and a Usage Price charged every time the product is purchased. Introducing 2PP into biopharma could have cross-stakeholder benefits including broader patient access, and improvement in budget/revenue predictability. A concern however is the potential complexity of the negotiation between manufacturer and payer.

Expert commentary: We believe 'price discrimination' and 2PP in particular can be relevant for some new, expensive specialist medicines. A recommended first step would be to initiate pilots to test to what degree the 2PP approach meets stakeholder objectives and is practical to implement within specialty care.