With governments aiming at limiting healthcare expenditure, pharmaceutical prices commonly remain constant or decrease in most countries. Nevertheless, despite the fact that overall P&R conditions are increasingly stringent, there are significantly different drivers between countries which lead to differential pricing conditions. In an attempt to determine the counties where drug pricing procedures are more favourable or more stringent, as well as the countries where price cuts are common and where price increases can still be expected, we surveyed drug prices in 18 countries.

The methodology was based on estimated ex-manufacturer pricing data from PharmOnline International (POLI), looking at current and historical drug prices in 18 countries (with a mix of developed and emerging countries). Four regions were studied:

- **Europe**: France, Germany, Greece, Italy, Poland, Spain, Sweden, and the UK,
- **North America**: US and Canada,
- **APAC**: Australia, Japan and New Zealand,
- **Emerging Markets**: Brazil, China, India, Russia and Turkey.

Drug prices were extracted from official sources including ministries of health, authorities responsible for drug pricing and/or reimbursement, national healthcare insurances or associations representing pharmaceutical companies or pharmacists. Ex-manufacturer prices were estimated by removing all taxes and margins from the wholesale or retail prices provided (VAT, pharmacists’ margins, wholesalers’ margins).

Estimated ex-manufacturer pricing data did not include discounts or rebates. Generics were excluded, with the exception of Poland, Russia, China, and India, which are highly genericised markets with few reimbursed innovative products.

For each country, all prescription drugs by average manufacturer prices per unit were looked at. Several case studies were also analyzed. With countries having their own legislation and standards when it comes to drug pricing, significant price differentials are seen between countries. By far, conditions are still most favorable in the US. Legislation is more restrictive in other markets. It should nevertheless be noted that drug prices in Germany and France remain quite high in comparison with other countries, despite ongoing cost containment and reforms.

Our data also finds that the ongoing pricing reform in Germany has already had an impact on:

- Prices of drugs already on the market
- although prices used to increase on a regular basis, this is no longer the case. In 2011, on a basket of 1,284 presentations, prices dropped for around 90% of them. For most drugs, price cuts are rather limited (3.6% on average), with the most drastic ones seen for drugs having their level of reimbursement set (mainly generics).

- New drugs market entry

Despite the fact that prices of new drugs entering the market do not seem to be impacted by the reform, market entry could be, as demonstrated by two recent examples:

- Novartis Pharma pulled its drug Rasilamlo off the market as unable to provide sufficient data,
- Eli Lilly made the decision not to launch the drug Trajenta on the market, fearing that the future price granted will not reflect the value of the drug.

Conditions are nowadays more attractive for innovative drugs in certain emerging countries – Brazil, Turkey or Russia - where pharmaceutical companies are increasingly investing as demonstrated with the great number of innovative drugs marketed. Interestingly, price increases are not rare in those countries. For instance, 43% of the drugs included in the Turkish sample and 48% of those included in the Brazilian sample experienced a price increase over a one-year period only. Aside from the US, this trend is an exception as in most countries drugs prices remain constant or drop.

Finally, a significant number of case studies demonstrates that innovative drugs are highly priced in certain emerging markets, notably Avastin.

In developed countries, P&R conditions are increasingly stringent, as illustrated with Germany, a country where pharmaceutical companies used to enjoy free pricing. Opportunities must be sought elsewhere, notably in emerging countries where pharmaceutical companies increasingly invest. Despite the fact that pricing procedures are in place and that emerging markets are usually highly genericised markets, drug prices for innovative drugs are comparatively high. Several case studies illustrate how drug prices in certain emerging countries exceed prices in the US or Germany.

In these markets, the challenge is seen at the reimbursement and volume levels. Nevertheless, with governments enhancing their healthcare systems, the data points to the conclusion that the basket of drugs funded will increase in the near future.