What Are Biopharmaceuticals Worth?

By Josh Bloom — February 2, 2017

If the issue of drug pricing weren't a big enough issue before the election, it sure is now. Hardly a day goes by without a statement or two from the new administration regarding drug prices. Sometimes the message is even the same on two consecutive days. Or not.

This is a very good time to be asking hard questions about both the price and the value of drugs, something that Dr. Robert Popovian, the vice president of Pfizer US Government Relations has frequently discussed in that past, and continues to do so quite thoroughly. In his most recent piece, "How to Achieve Value-Based Reimbursement" Popovian specifically focuses on specialty drugs because they are quite pricey, but are increasingly important in patient care. He asks a critical question: How can you value a drug that is very expensive but also very effective?

Popovian writes: "Payments for health care services in the U.S. are under a great deal of scrutiny by policy makers, insurers, employers and patients. Decades of financial dysfunction under an inefficient fee-for-service scheme have prompted many to refer to the “health care system” in the U.S. as a “sick care system” since there are few incentives to proactively keep patients healthy."

Value and price can be quite different in the case of biopharmaceuticals because "The use of biopharmaceuticals inevitably impacts other health care services, often reducing overall expenditures by reducing or even eliminating the need for more expensive interventions."

In other words, while biopharmaceuticals may be very costly, their value must be taken into account, since they may save far more later on than they cost initially.

You can read Dr. Popovian's full article here [1].