Windrose Consulting Group Global News Roundup: Q2 2022

Contents

- This edition of the Windrose Consulting Group Global News Roundup: Q2 2022, covers Life science industry highlights from:
  - UK
  - US
  - France
  - The Netherlands
  - China
  - Australia
  - Dubai
  - Algeria
  - Saudi Arabia

The Innovative Medicines Fund (IMF) is up and running in the UK

DETAILS

- The long-awaited IMF has launched in June 2022 with the goal to increase access to non-oncology treatments for rare and genetic diseases where NICE requires real-world evidence to confirm their clinical and cost-effectiveness
- Manufacturers seeking IMF approval will need to meet the following criteria:
  - Innovative, non-oncological therapy of clinical promise
  - Addresses a high unmet need
  - Significant uncertainty surrounding cost-effectiveness
  - Uncertainty can be addressed with further evidence generation
- Once approved on the program, the entire eligible patient population will have access to the drug during data collection (expected to be 2-3 years, with a maximum of 5)
- The managed access will be reserved for medications which demonstrate potential to be cost-effective and are priced “responsibly” during the period of access
- Both the Cancer Drugs Fund and the IMF have a budget of £340 million; as such, a total of £680 million is designated for fast-tracking treatments in the UK

INDUSTRY IMPLICATIONS

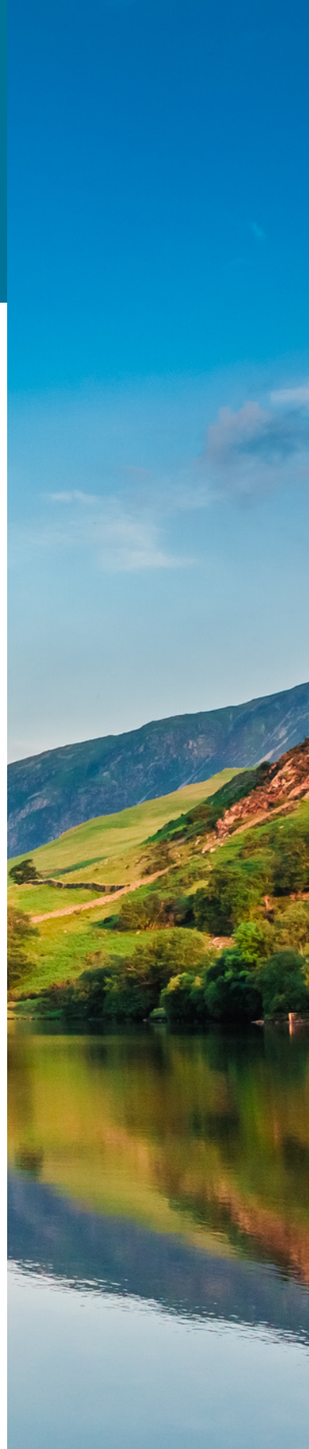
- With a similar mechanism to the Cancer Drugs Fund, the IMF promises to secure earlier access to innovative medicines which would have otherwise been delayed or rejected
- The IMF hopes to open doors to drugs addressing high unmet needs, which will likely include rare diseases and gene therapies: Vertex’s Orkambi or Pfizer’s Vyndaqel, both indicated for orphan diseases and unable to demonstrate cost-effectiveness at the time of launch, may have been ideal candidates for the IMF
- While this may be an opportunity for manufacturers to achieve access in line with their net price expectations, demonstrating cost-effectiveness based on the collected real-world evidence will remain mandatory

ADDITIONAL RESOURCES

GENETICALLIANCE.ORG

BBC

NHS



FDA lays down criteria for single-country foreign data submissions

DETAILS

- Over the past couple of years, there has been a surge of oncology development programs seeking approval in the US based predominantly on data from China
- A recent example is sintilimab, Lilly & Innovent's PD-1 inhibitor; which was submitted for FDA approval with predominantly data from China
- Prior to sintilimab's Oncologic Drugs Advisory Committee meeting, an FDA briefing document was released with criteria for single-country foreign data:
- The foreign data must be applicable to the US population and US medical practices
- The studies have been performed by clinical investigators of recognized competence
- The FDA is able to validate the data through an on-site inspection or other appropriate means
- The FDA ultimately rejected Lilly's and Innovent's application for sintilimab, arguing the data was not generalizable to the US population and noting the lack of comparison vs. the defined standard-of-care

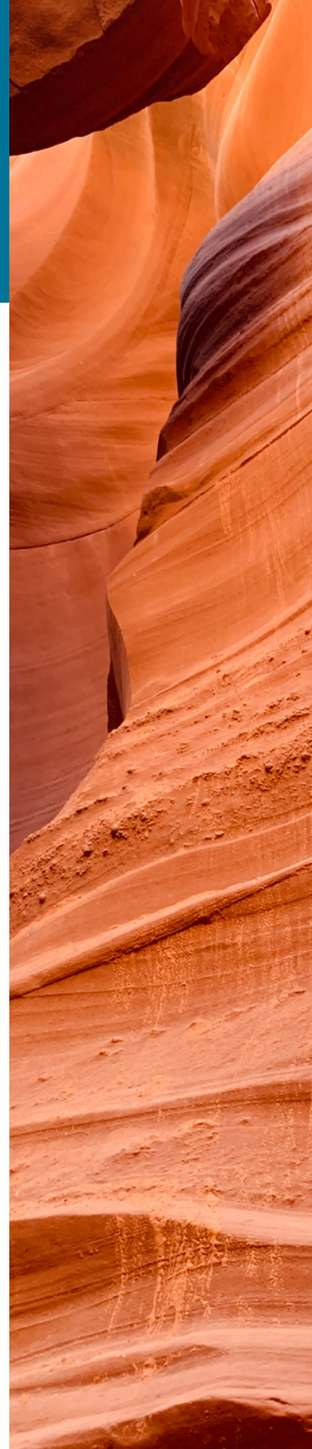
INDUSTRY IMPLICATIONS

- For manufacturers seeking FDA approval with single-country trial data, decisions will be based on the specific characteristics of the product, the rationale for conducting a single-country trial, the level of unmet need, the transferability of clinical findings to a US setting, and, crucially, the selection of an appropriate comparator
- It is unlikely that the FDA will ease up restrictions on single-country foreign data, especially given the > 25 applications either planned or under FDA review from drugs in development primarily from China

ADDITIONAL RESOURCES

PHARMACEUTICAL TECH

ASCOPOST



CMS finalizes its National Coverage Determination (NCD) policy for monoclonal antibodies against amyloid for the treatment of Alzheimer's Disease

DETAILS

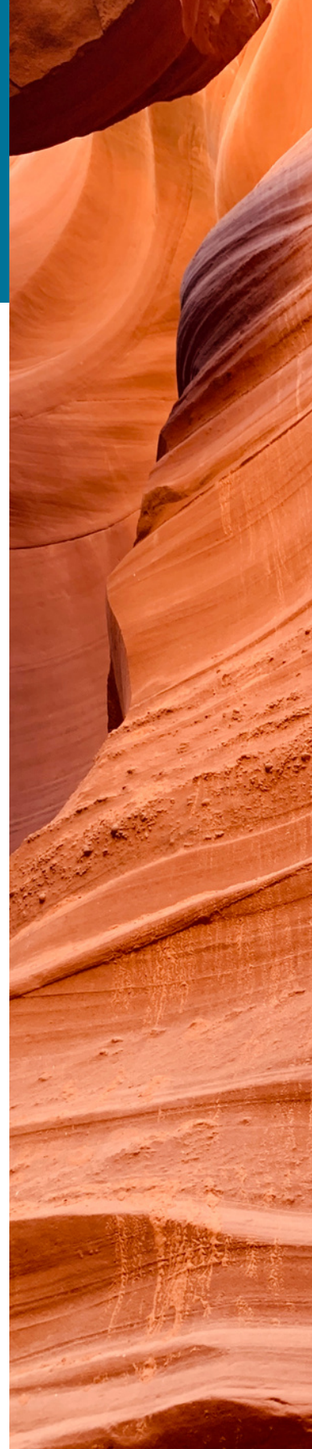
- In April 2022, CMS (Centers for Medicare & Medicaid Services) finalized its highly restrictive NCD for Aduhelm (aducanumab) and any future monoclonal antibodies directed against amyloid for treatment of Alzheimer's disease approved by the FDA
  - While both of Aduhelm's Phase 3 trials demonstrated promising effects in amyloid levels, concerns on efficacy arose from the inconsistent effect on the primary endpoint in cognition and function
  - In addition, there are high safety concerns with Aduhelm due to amyloid-related imaging abnormalities (ARIA) (brain swelling and bleeding)
- Access to Aduhelm in the US Medicare population is now only through CMS-approved studies, such as a data collection through routine clinical practice or registries
- However, the CMS has left the door slightly open, as noted they are open to providing broader coverage (including for outpatient and infusion center settings) for anti-beta amyloid drugs with full FDA approval based on a clinically meaningful benefit in both cognition and function
- While registry data is allowed, Biogen has been forced to stop its open-label extension, "[I]t is expected there will be limited [Aduhelm] prescription and usage in routine clinical practice, making the study not feasible for enrollment"
  - Biogen had originally planned to enroll 6,000 participants for the study, and 7 months in only 29 patients have registered

INDUSTRY IMPLICATIONS

- Given the size of the Alzheimer's population and associated budget impact on Medicare, a NCD is likely for future Alzheimer's products seeking a broad label
- This case study emphasizes clinical data including both efficacy in patient-relevant outcomes and safety to ensure a positive benefit: risk ratio is paramount
  - CMS has left the NCD purposefully vague and has no stated threshold or endpoint for "clinical meaningfulness"
- Similarly, while accelerated approvals make up ~60% of total FDA approvals and significantly shorten time to access, incomplete data sets may result in restricted coverage given payer scepticism with long-term durability of effect
  - Manufacturers in the pipeline for Alzheimer's will need to consider carefully the tradeoffs of launching with interim data
- Ultimately, for a successful NCD, manufactures should seek to demonstrate a robust dataset including choice of endpoints which can easily be translated to patient-relevant outcomes for payers

ADDITIONAL RESOURCES

CMS | FIERCE PHARMA | WINDROSE



France makes changes to its early access program criteria for “innovativeness”

DETAILS

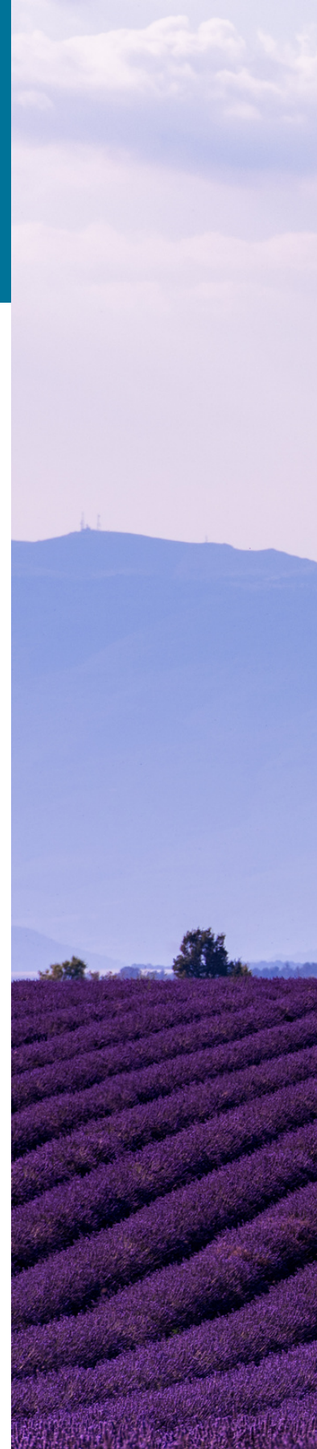
- Following last year’s reform of the early and compassionate access scheme (accès précoce), in May 2022, the outcomes of a performance review conducted by the HAS (National Health Authority) and ANSM (National Agency for the Safety of Medicines and Health Products) were released with the following assumptions for the “innovativeness criteria” :
  - The medicine is required to fulfill an unmet medical need or a need that is insufficiently met
  - The medicine plans to show clinical benefit in the context of currently available therapies
- In practice, the Transparency Committee (TC) has been looking at three criteria to determine that a drug was deemed innovative:
  - The drug offers a new disease management approach that is likely to bring a substantial change to patients
  - The clinical development plan is appropriate, and results allow to assume a benefit to patients
  - The drug fulfils an unmet need, or a need that is insufficiently met
- In exceptional cases, especially when a treatment is likely to respond to a health emergency, it may be acceptable not to count clinically relevant treatment options as appropriate treatments

INDUSTRY IMPLICATIONS

- Planning to meet the new innovativeness criteria will require comparative assessments vs. existing standard-of-care where any, and to reinforce residual unmet need, which may be challenging in well-established therapy areas with multiple treatment options
- However, in therapy areas, indications or subpopulations with limited standard-of-care options, this may benefit manufacturers and patients where there is ability to justify the “innovativeness” criteria applies

ADDITIONAL RESOURCES

WINDROSE



Changes in orphan drug rules may mean more flexibility in price negotiations with CEPS

DETAILS

- In April 2022, the Accord-Cadre agreement by LEEM (Pharmaceutical Industry Association) and CEPS (Comité économique des produits de santé) has been updated “to streamline the negotiation of the pricing conditions for orphan drugs” in France
- The following changes have been made:
  - For orphan indications with an ASMR rating of I-IV, the pricing comparators must be branded agents in the indication (i.e., non-generic or non-biosimilar)
  - An alternative pricing mechanism is made available for drugs with an annual cost of >€50K per patient, where either CEPS or the manufacturer can propose a flat rate payment “coherent” with international levels; the manufacturer will supply the drug to all patients with a sales cap, and the possibility to revise the cap based on actual sales volume
  - Either the manufacturer or CEPS may request an update in pricing conditions for a change in target population
  - In response to a change in patient numbers based on company-provided data (i.e., through registries), CEPS may adjust the pricing conditions
  - Finally, companies can request a hearing between CEPS and one or more medical experts during price negotiations (i.e., those identified by the Rare Diseases Plan)

INDUSTRY IMPLICATIONS

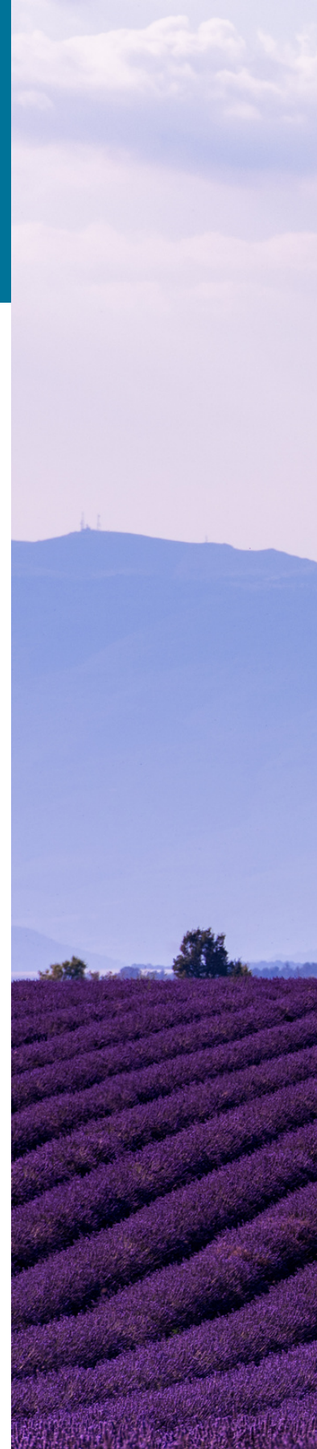
- While many developed markets are heightening cost-containment measures, France is currently fostering a more welcoming environment for orphan drugs
  - This amendment aims to streamline the time to access by adding clarity to pricing comparator expectations
  - Including the possibility of updating patient numbers with registry data is likely to incentivize manufacturers to help standardize patient data collection to inform budget cap calculations
  - Involvement of scientific experts during the CEPS negotiations will provide clarity on the unmet need and possibly help contextualize the trial design (i.e., choice of endpoints, size or length)
- This added flexibility with CEPS may be an attractive proposition to manufactures to boost the pricing potential of orphan drugs in France
- With international reference pricing considerations in mind, it may impact the geographic launch sequence in Europe

ADDITIONAL RESOURCES

SOLIDARITES SANTE

LEEM

SOLIDARITES SANTE



The Netherlands starts a new access management protocol for orphan drugs

DETAILS

- A new pilot program called the Orphan Drug Access Protocol (ODAP) has launched in the Netherlands in May 2022 to improve access for orphan drugs at a “socially acceptable price”
- To be eligible for the ODAP, the orphan drug must:
  - Be EMA registered (or expected registration within 9 months)
  - Cost less than €10M per year
  - Be restricted to an in-patient setting (i.e., hospitals)
  - Be considered promising, but with uncertain effect
  - Respond to an area of high unmet need (expected high effectiveness for which there are no alternatives)
- The manufacturer must initially make the treatment available free of charge, the product will only be reimbursed when the benefit has been proven: initially on a case-by-case basis for patients who are responding, and eventually the health insurance companies will reimburse at a group level
- The goal is to include 3-5 new medicines in the pilot study that will cover several hundred patients

INDUSTRY IMPLICATIONS

- This is an opportunity to improve patient access to orphan drugs in the NL, and manufacturers / payers will be able to gather real world evidence for treatments for very rare conditions, possibly leading to earlier access that previously would have undergone a full evaluation
- However, manufacturers will need to consider a revenue trade-off, as treatments will be provided for free and full reimbursement will only come after an undetermined period of time when “robust evidence” is generated
- Additionally, manufacturers are required to submit starting, stopping and monitoring criteria for patients; if readily proposing these restrictions, this could have a knock-on effect and restrict access in other markets

ADDITIONAL RESOURCES

ZORGVERZEKERAARS NEDERLAND

China's favorable NRDL listing of domestic products as seen with PD-1/L1 products may be expanding to other indications

DETAILS

- Trodelvy is now approved in China as the 5th antibody-drug conjugate (ADC) to be approved on the Chinese market, after 3 foreign ADCs and 1 domestic ADC
  - Further domestic ADCs are under clinical study, from companies like Hengrui, Fosun, RemeGen, Lepu, and others
- However, in the ADC space to date, only the domestically developed product (Aidixi) has achieved NRDL (National Reimbursement Drug List) listing
- The ADC category may be set to constitute the largest portion of the next wave of oncology product launches in China following the current crowded PD-1/L1 product market
- In contrast to Western-made checkpoint inhibitors, most Chinese PD-1/L1 players have made it onto the NRDL and those not already covered are expected to gain coverage in upcoming NRDL rounds

INDUSTRY IMPLICATIONS

- Manufacturers should be warned that foreign ADC products may well face the same challenges in NRDL listing as in the PD-1/L1 product market
- Domestic companies are prepared to offer substantial discounts in the hope of securing significant sales growth as a result of being NRDL included – this is anticipated to set a price precedent for foreign players wishing to secure an NRDL place
- Manufacturers may be discouraged from the submission of bidding materials, lengthy negotiation inevitably resulting in lowering their net price to secure NRDL access, which is disclosed to the public
- Early access to China's rapidly growing market – the second-largest in the world – by no means translates into early reimbursement approval (if reimbursed at all)

ADDITIONAL RESOURCES

EVEREST MEDICINES

Potential change to discount rate in the Pharmaceutical Benefits Advisory Committee (PBAC) guidelines may impact cost-effectiveness of therapies

DETAILS

- The review aims to determine whether the base case discount rate currently employed in PBAC guidelines aligns with international best practice
- The PBAC's base-case discount rate is 5% for health benefits and costs are higher than many other countries with comparable levels of economic development and similarly advanced HTA systems
  - Base-case discount rates across markets include: France (4%), Ireland (4%), New Zealand (3.5%), Scotland (3.5%), UK (3.5%), Germany (3%), Singapore (3%), Sweden (3%), US (3%), Japan (2%), Belgium (1.5% benefits, 3% costs), Canada (1.5%), and The Netherlands (1.5%, 4%).
- The PBAC intends to decide its advice at its July 2022 meeting

INDUSTRY IMPLICATIONS

- All else being equal, discounting future costs and health benefits will have a higher impact on the estimated cost-effectiveness of therapies with relatively high up-front costs and long-term realization of health benefits
- Since a lower discount rate increases the chance that an intervention will be deemed cost-effective at a given requested price (and hence more amenable to public subsidy), any proposed change must consider the implications for total investment in healthcare via the Pharmaceutical Benefits Scheme relative to other sectors of public investment

ADDITIONAL RESOURCES

PBS

UTS

Dubai announces new value-based health insurance scheme

DETAILS

- The Dubai Health Authority's (DHA's) Health Insurance Corporation said that the Value-Based Healthcare Program - called "EJADAH" - will pay for performance and outcomes "that matter to patients"
- Evidence-based guidelines will be provided which will be a framework for all physicians to follow
- For insurance providers, EJADAH will provide a "firm base" to refer to evidence-based data

INDUSTRY IMPLICATIONS

- For manufacturers, this brings huge opportunities to consider value-based agreements with the DHA
- It will also pave the way and inspire other territories in the region to consider similar approaches
- Moving forward, drug manufacturers will likely need to develop innovative approaches to ensure access in the Middle East, in collaboration with governments

ADDITIONAL RESOURCES

KHALEEJ TIMES

Increased access to orphan drugs in Algeria is required due to concerns around increasing prevalence of rare diseases

DETAILS

- There are concerns about the increasing prevalence of rare diseases (notably hereditary conditions) in Algeria and the health repercussions on the lives of families and individuals
- There is a high unmet need to establish specialized centers for rare diseases to reduce the huge expenditure of the state and the families of patients

INDUSTRY IMPLICATIONS

- Access to Orphan Drugs (ODs) can be particularly challenging in international markets ex-US / EU – not only in terms of cost, but also availability; the high prevalence of rare diseases in Algeria present an opportunity for manufacturers to engage with the Ministry of Health, doctors, and local experts to increase access to therapies both for treatment and research purposes
- Manufacturers of ODs can apply for the regimen a temporary authorization for use ("ATU" – "Autorisation Temporaire d'Utilisation") granted by the Minister of Health
- ODs marketed under the "ATU" regimen are not awarded a list price and negotiation to determine a 'transaction' price, which is directly conducted between the manufacturer and the Hospitals Central Pharmacy ("PCH" – "Pharmacie Centrale des Hôpitaux"); the Algerian government fully covers the cost

ADDITIONAL RESOURCES

THE NEWS DEPARTMENT

The Saudi Food & Drug Authority (SFDA) is set to update their International Reference Price basket once again, maneuvering towards a more median global price range

DETAILS

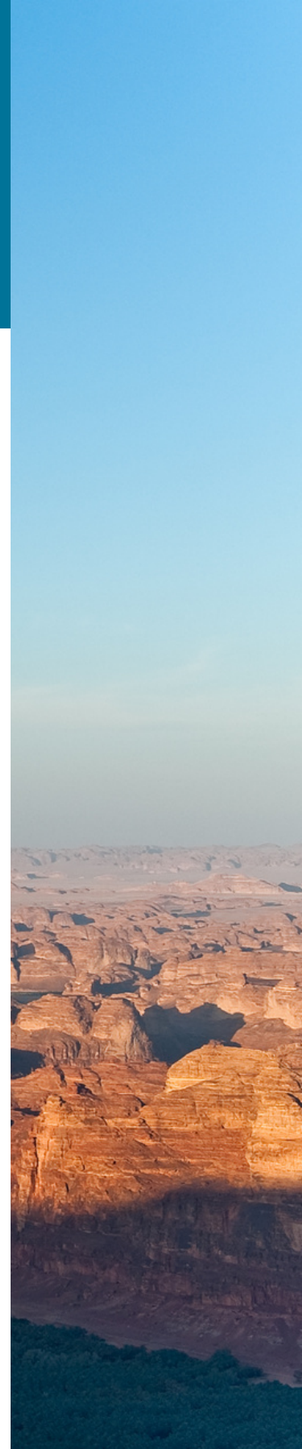
- The SFDA has made their second adjustment to the International Reference Price basket since January 2020, taking the number of countries down from an initial 30, to 20, and now 16
- New additions include Germany, Poland, and Spain
- Countries removed from the basket include Brazil, Ireland, Jordan, Lebanon, South Africa, Switzerland, and the UAE
- The kingdom's new reference basket will now be comprised of Australia, Austria, Belgium, Canada, France, Germany, Hungary, Italy, Japan, Netherlands, Poland, Portugal, South Korea, Spain, Sweden, and the United Kingdom

INDUSTRY IMPLICATIONS

- Over the two price basket revisions, we have seen the removal and re-addition of Spain and Germany and the removal of many markets with prices on either extreme of global averages such as Algeria, Argentina, Bahrain, Brazil, Egypt, Greece, Jordan, and the UAE
- Such moves confirm that Saudi Arabia now appears to be aiming to reference prices within a more median global range – although markets such as Hungary and Poland could still exert a downward effect
- It is worthy to note that any price changes in its basket at any time will trigger a price review

ADDITIONAL RESOURCES

- Internal sources



Website: www.windrosecg.com
Contact us: info@windrose.com

PHILADELPHIA OFFICE
161 Washington Street, Suite 330
Conshohocken, PA 19428
Phone: (484) 235-0599

LONDON OFFICE
20 Old Bailey
London, EC4M 7AN
Phone: +44 (0) 203-621-4171

SWITZERLAND OFFICE
Hertensteinstrasse 51,
6004 Lucerne
Phone: +41 (0) 41-562-5777