



Era of Rapid Growth in Biomedical Research Is Over

After a decade of growth, total annual funding for biomedical research in the U.S. has decelerated and may have even fallen when adjusted for inflation. That is the conclusion of a study published in the Journal of the American Medical Association. The authors compiled data from government sources, trade organizations, and industry financial reports to create a profile of biomedical research funding from 2003 to 2007. Over the five year period, annual research funding increased from \$75.5 to \$101.1 billion. Adjusted for inflation, funding grew by an average annual rate of 3.4 percent over the period. Using incomplete data, the authors estimated research funding from the National Institutes of Health (NIH) and industry for 2008 at \$88.8 billion which, when adjusted for inflation, represents a decrease in funding.

sources: <http://www.urmc.rochester.edu/news/story/index.cfm?id=2736>
<http://jama.ama-assn.org/>

Comment: This finding should be taken in context; namely, funding may not translate into a decrease in new drugs. In fact, it is expected that a significant number of new biotech drugs will arrive starting in 2011-2012 and become a standard part of maintenance therapy for common conditions such as various cancers and rheumatoid arthritis.

Eisai Cuts Aricept Prices to Foster Asian Sales

Eisai has become the latest drugmaker to cut prices in an effort to push sales in emerging markets. On the heels of similar moves by GlaxoSmithKline (GSK) and Sanofi-Aventis, the Japanese company is cutting prices on its Alzheimer's remedy Aricept in at least six Asian countries.

The idea is to ratchet up demand by opening the door to less prosperous patients. Eisai expects growth in sales volume to outweigh the price cuts. In line with this thinking is GSK who has announced major price cuts in emerging markets, with prices tiered according to the target population.

Prices will be less than two-thirds that of Europe; in the 50 poorest nations, they'll be 25 percent of Western prices. Similarly, Sanofi announced early this year that it would follow suit, cutting prices in Southeast Asia by as much as half.

source: <http://www.fiercepharma.com/>

Comment: These moves indicate that drug pricing is, as expected, heavily influenced by the profits derived from sales growth and not tied to the cost of producing the drug. Expect more competitive contracting even in the US as price information becomes universal.

Solutions for Long Term Care and Retail Pharmacies

AmerisourceBergen, a major drug wholesaler, is offering new programs for long term care and retail pharmacies.

- **PRxO Generics LTC:** A solution for long term care pharmacies, the program increases customers' profits by leveraging a formulary of generic pharmaceuticals specific to their needs. Long term care pharmacies typically require more unit dose and IV prescriptions for which they can realize significant savings that can be redeployed to clinical and operational investments.
- **PRxO Generics - Retail:** Access to a select number of customer preferred generics on the PRxO SELECT formulary, and the substitution of a secondary item at the same value if a primary generic is out of stock and 60-day price protection on new generic product introductions.

Comment: Retail pharmacy is developing solutions to survive in the competitive world of stricter AWP/WAC discount pricing. Look for a greater emphasis on clinical programs, but require measurable outcomes from these programs.

Check Your Pharmacy Invoice Like You Check Your Supply Invoices

Invoices for payments to PBMs and Health Plans for prescriptions filled by their network pharmacies (both retail and mail), should be checked – the same way one would check a grocery or restaurant receipt.

The assumption that electronic claim adjudication is without errors can be dangerous for both medical and pharmacy claims. Pro Pharma's experience indicates that at least 7-10% of all paid drug claims are incorrect. Prime areas for errors are eligibility, pricing, claim validity, payments for benefit exclusions, etc.

Pro Pharma's [Invoice Screening™](#) tool analyzes pharmacy invoices within 72 hours of receipt of complete datasets to validate invoices prior to payment.



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