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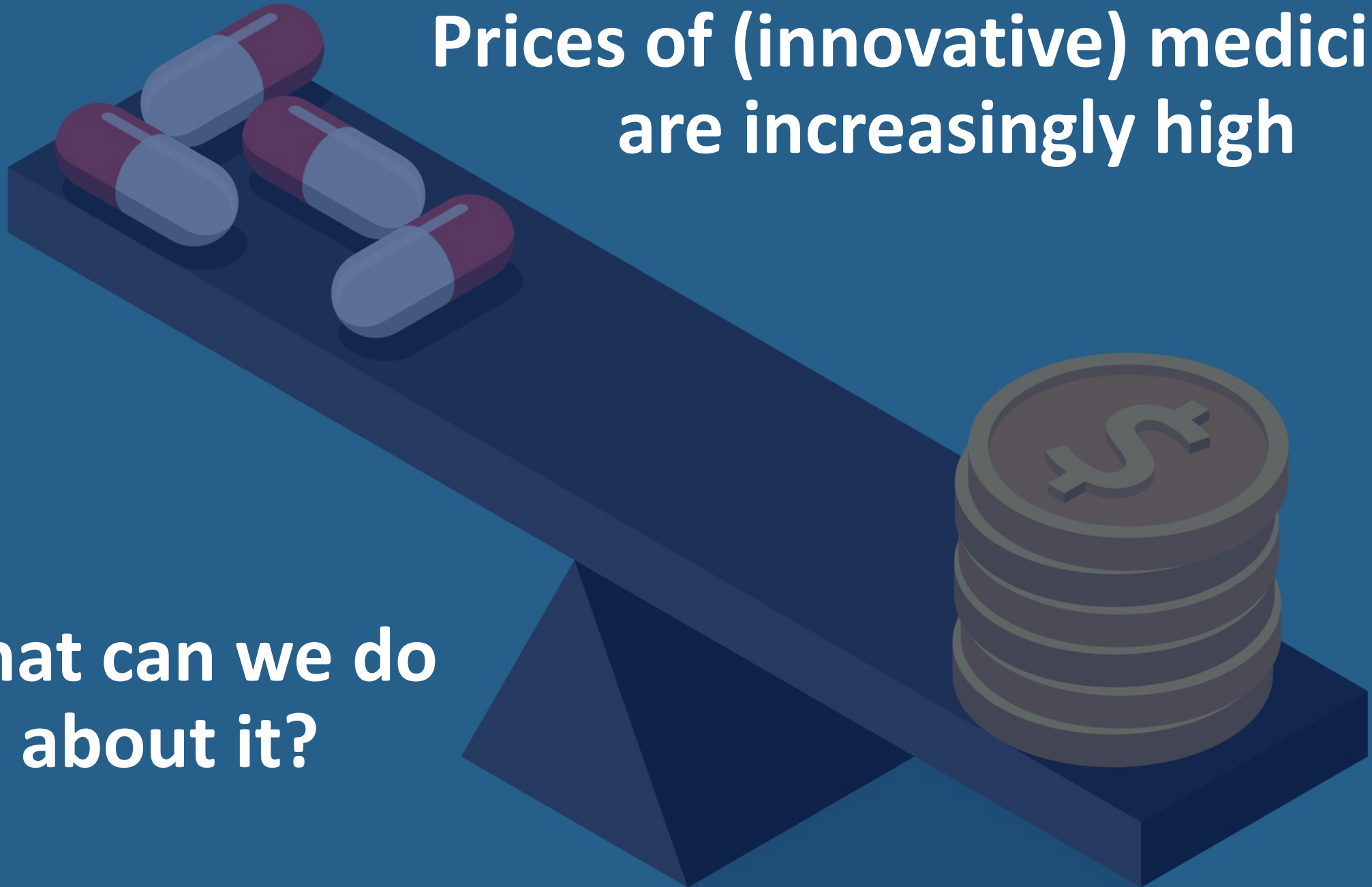
# Bargaining for Affordability: Negotiation for High-Cost Medicines

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Prices of (innovative) medicines  
are increasingly high

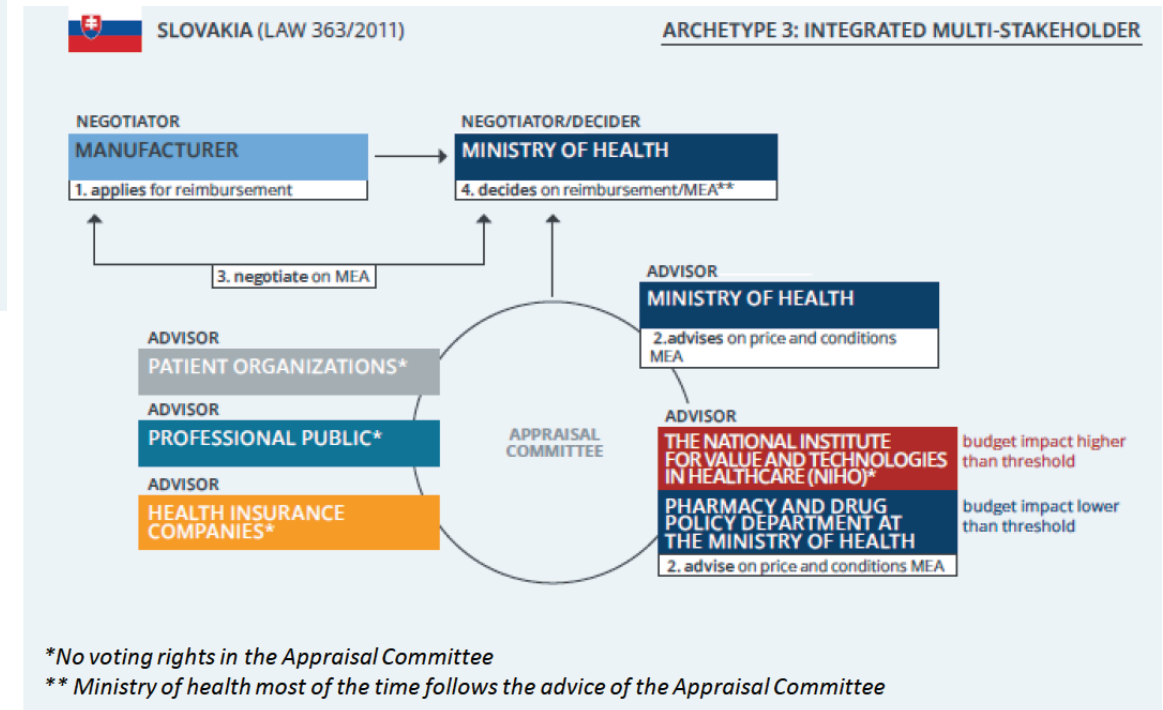
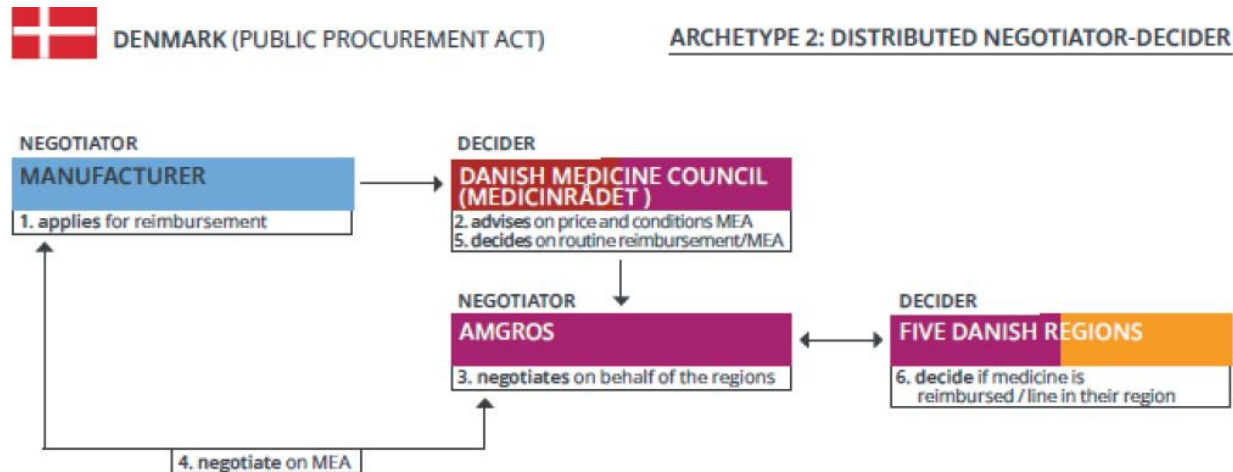
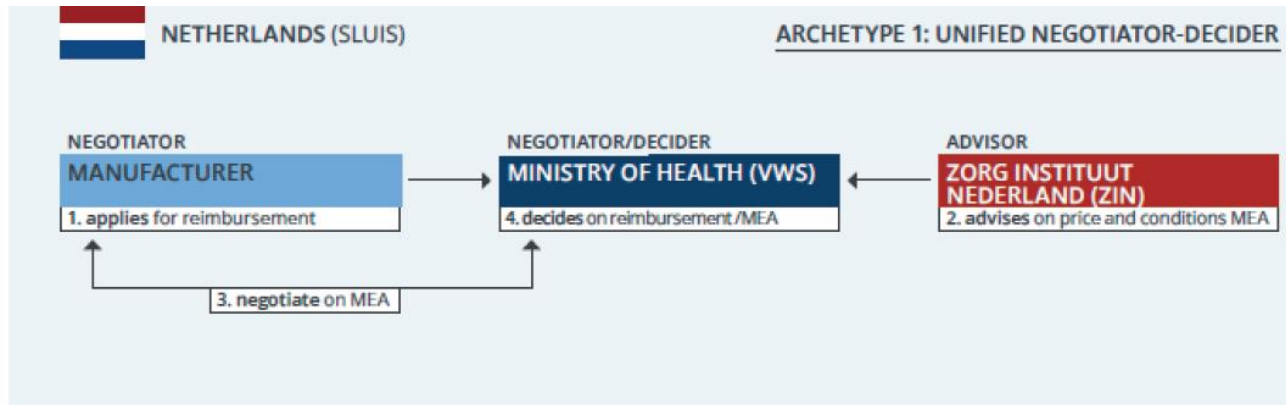
What can we do  
about it?



# Stakeholders engaging in price negotiations

Franzen N, Vancoppenolle J, et al.

Manufacturer National authority Regional authority Assessment body Payer Provider Others



# Why is it so difficult to negotiate the price of expensive medicines?



Source: AI generated image

Oliver A. Lowering the bucks for the bang: viewing pharmaceutical price negotiations through a behavioural lens. Behavioural Public Policy. 2021;5(3):417-428.

# Informational asymmetries

## **EXAMPLES**

- Comparison with other countries / hospitals
- Strategies to prolong market exclusivity
- R&D cost argument

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# Large price variations observed across countries

Vancoppenolle J, et al.

Country/Region		All countries (N=22)		
GDP per capita (2023)		39,525		
Medicine	Price (Euro)	Average (€)	Abs Diff (€)	Rel. Diff (%)
ABEMACICLIB	Actual price	1875	2274	121
FC tab 150mgx56	Public price	2360		
RIBOCICLIB	Actual price	2161	3961	183
FC tab 200mg x 63	Public price	2593		
PALBOCICLIB	Actual price	1702	653	38
FC tab 125mg x 21	Public price	2696		



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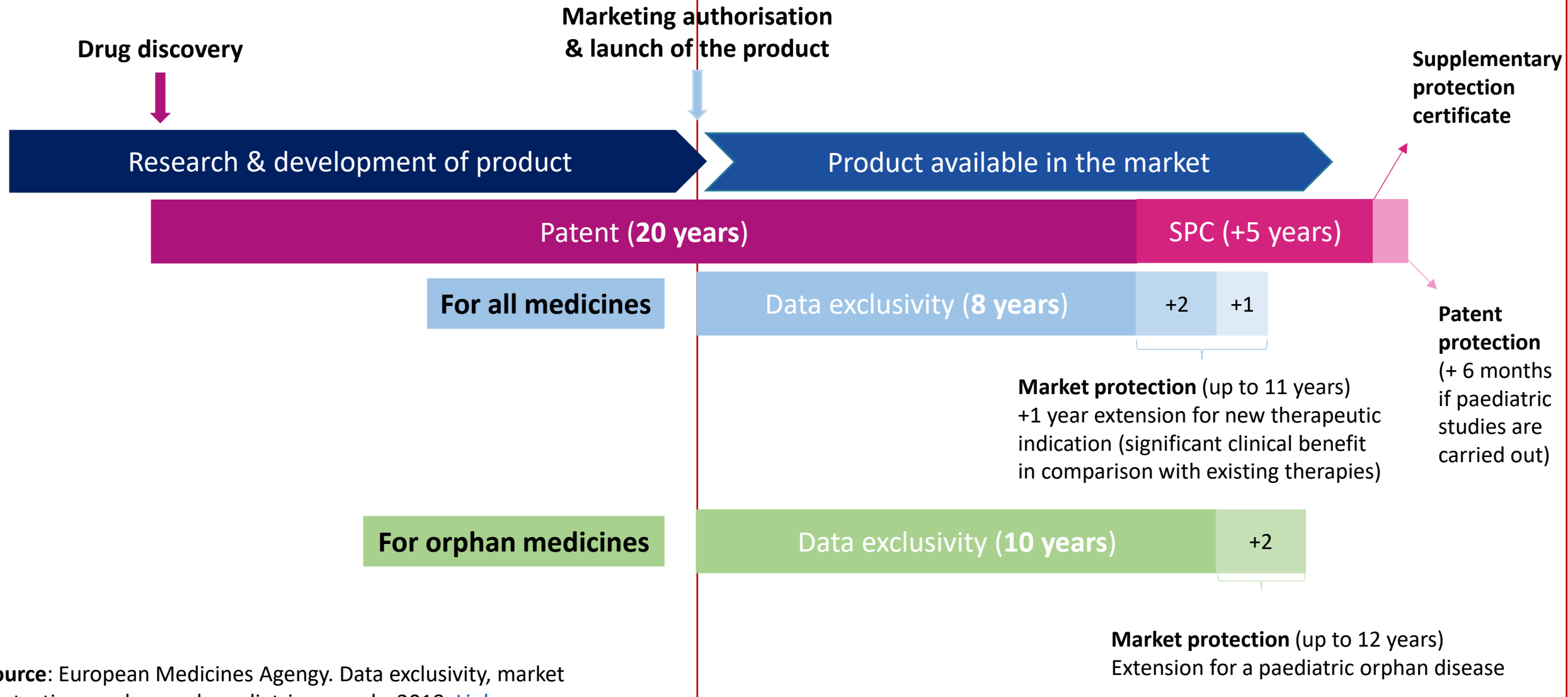
## Price negotiations at hospital level: pharmacists' perception of their prices

Vancoppenolle J, et al.

*“Do you think that prices of your hospital are lower/similar/higher than prices of other hospitals in your region of Europe?”*

**68% wrong, 32% correct**

# How exclusivity shapes negotiation power

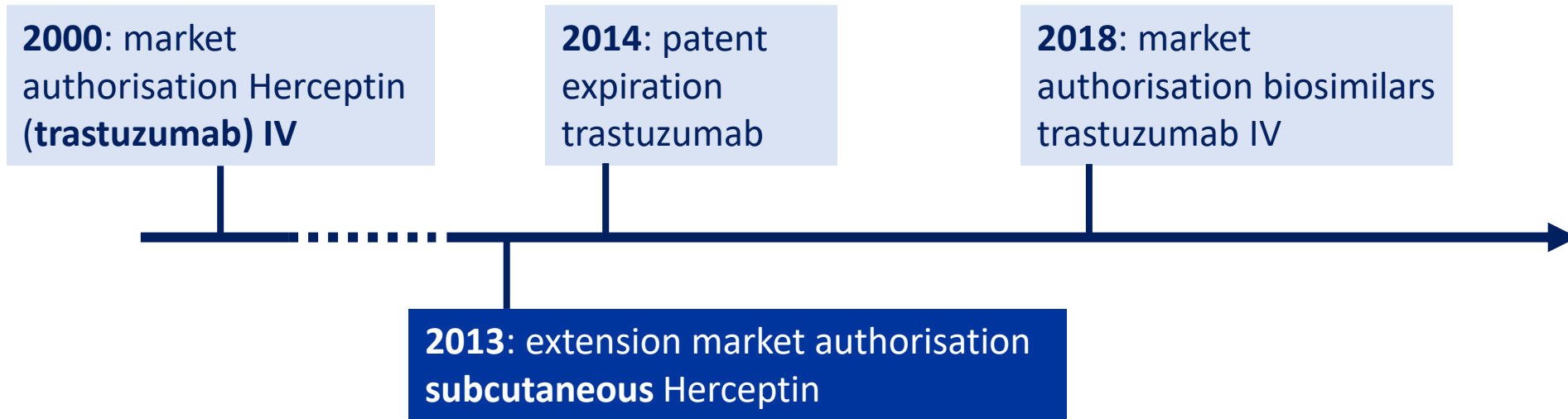


**Source:** European Medicines Agency. Data exclusivity, market protection, orphan and paediatric rewards. 2018. [Link](#)



# How exclusivity shapes negotiation power: Trastuzumab case

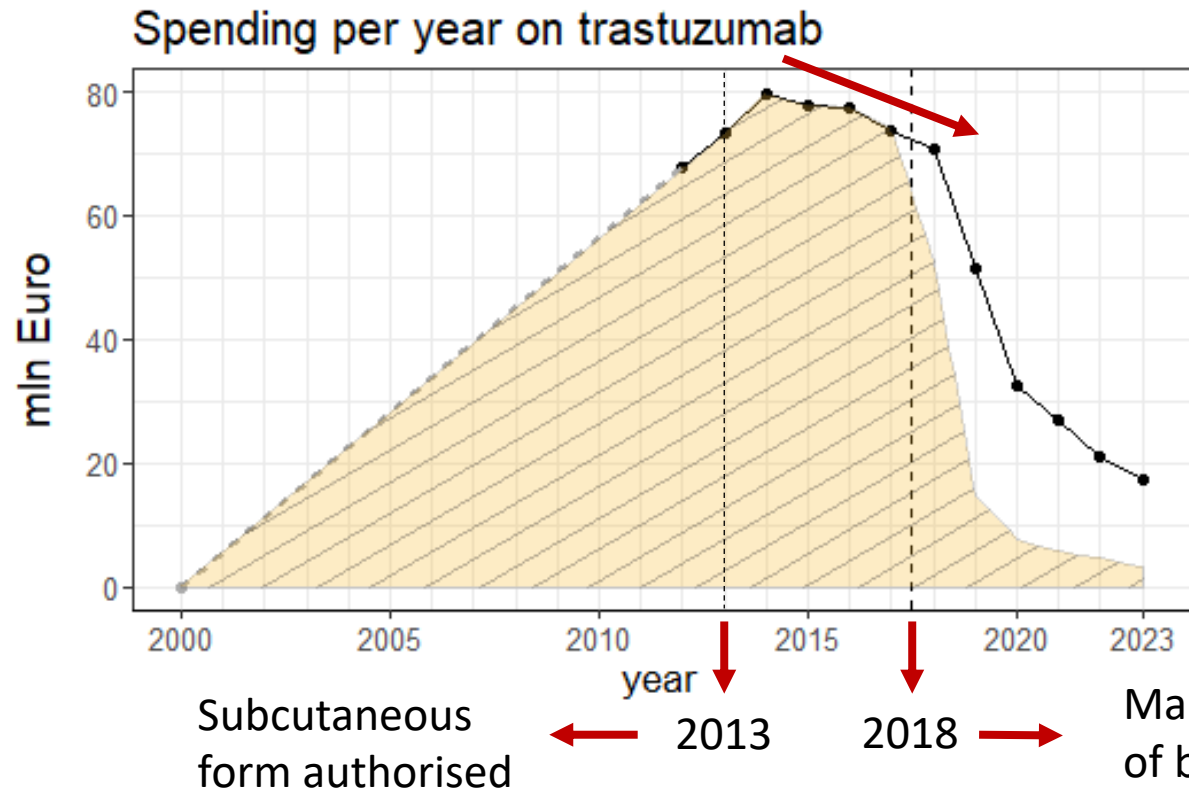
Trastuzumab experienced **no competition** by substance name during **18 years**



The SC version's **list price** was approximately **215% higher** than the average price of biosimilars for the IV version.

**Sources:** Kirshner, G., Makai, P., Brouns, C. et al. The impact of an 'evergreening' strategy nearing patent expiration on the uptake of biosimilars and public healthcare costs: a case study on the introduction of a second administration form of trastuzumab in The Netherlands. Eur J Health Econ. 2024; 25, 1147–1163. SiRM, Evergreening – Analysis of evergreening and policy options Dutch National Healthcare Institute, December 2023.

# How exclusivity shapes negotiation power: Trastuzumab case



Price drop (brand trastuzumab) from 2014 on

Attempt to switch patients to subcutaneous injection before the introduction of biosimilars (IV)?

# Looking closer at the R&D cost argument

Patents protected trastuzumab from competition for **18 years after market introduction**



**GAP**

The **R&D investment** is typically **recouped within 8 to 10 years** following market entry.

**Sources:** Brinkhuis F, Goettsch WG, Mantel-Teeuwisse AK, Bloem LT. Added benefit and revenues of oncology drugs approved by the European Medicines Agency between 1995 and 2020: retrospective cohort study. *BMJ*. 2024; 384:e077391.  
Tay-Teo K, Ilbawi A, Hill SR. Comparison of Sales Income and Research and Development Costs for FDA-Approved Cancer Drugs Sold by Originator Drug Companies. *JAMA Netw Open*. 2019; 2(1):e186875.  
Nederlandse Zorgautoriteit (NZa). From patent to competition - Analysis of expenditure and use of 7 expensive medicines in hospital treatments. 2025. [Link](#)

# Looking closer at the R&D cost argument: Enzalutamide case

Calculation of maximum price of new cancer drug based on algorithm

**Research and development (R&D) cost**  
(including abandoned drugs)



\$473.3 million (no abandoned drugs costs included;  
compounds were acquired by the manufacturer)

**Calculated price:**

**\$ 3,094**

**Market price (UK):**

**\$ 36,288**



**≈ 12 times higher**

# The way forward: research for better negotiation outcomes

## European Fair Pricing Network (EFPN)

**Exploratory interviews** with (2) Heads of hospital purchasing groups in the Netherlands



### Main takeaways

- Factors considered during negotiation: **Impact on budget, Volume, Clinical guideline/** Prescriber's behaviour
- On the job training/ no specific training on negotiation (applicable to pharmaceutical market)

# The way forward: research for better negotiation outcomes

## European Fair Pricing Network (EFPN)

### Scoping review

Identify **theories** and **factors** that influence negotiation outcomes, especially negotiation **strategies** that enable access to high cost drug therapies

# The way forward: research for better negotiation outcomes

## European Fair Pricing Network (EFPN)

Negotiation strategy	Operationalisation
<b>Volume-Based Agreements</b>	<ul style="list-style-type: none"><li>- National centralised procurement</li><li>- Collective bargaining (i.e., Beneluxa)</li></ul>
<b>Bundling</b>	<ul style="list-style-type: none"><li>- Discounted package deals for multiple pharmaceuticals</li></ul>
<b>Play-off Tenders</b>	<ul style="list-style-type: none"><li>- Two or more pharmaceutical companies bid for exclusive contracts</li></ul>
<b>Value-Based Assessment</b>	<ul style="list-style-type: none"><li>- Cost-effectiveness models</li><li>- Added benefit assessment</li><li>- Use of appropriateness evaluation tools</li></ul>
<b>Managed Entry Agreements (MEAs)</b>	<ul style="list-style-type: none"><li>- Different MEA types: financial-based, outcome-based</li><li>- Requirement for product-specific monitoring registries</li></ul>
<b>Willingness-to-Pay</b>	<ul style="list-style-type: none"><li>- Threshold definitions</li><li>- Reference pricing comparisons</li></ul>

\* Data extracted from 20 articles



# Behavioural influences

**ANCHORING**

HIGH  
INITIAL  
PRICE

**LOSS AVERSION**

NO ALTERNATIVE  
SUPPLIER

INFORMATIONAL  
ASYMMETRIES

FEAR OF NOT  
INCENTIVISING  
HIGH-QUALITY  
PRODUCTION /  
R&D

LIMITED BUDGET

BUYER CAN'T  
WALK AWAY

**REPUTATION**



Seller

Buyer

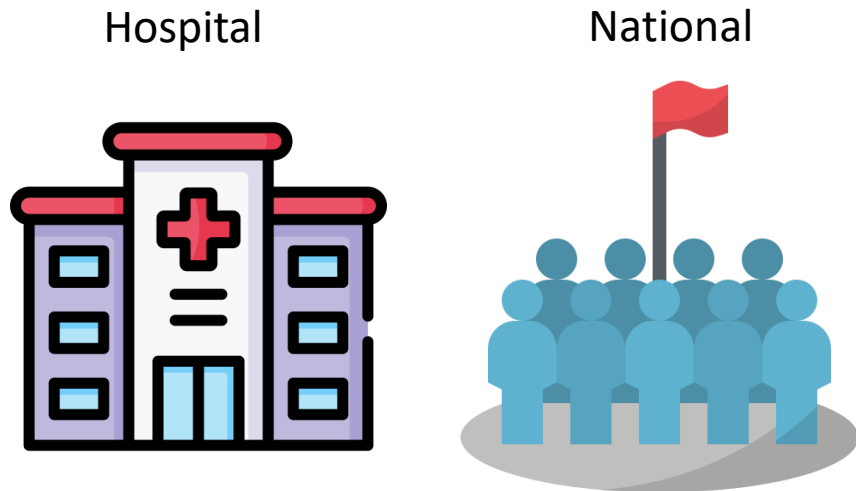
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# The way forward: research for better negotiation outcomes

## European Fair Pricing Network (EFPN)

**Semi-structured interviews** with negotiators in Europe



**Theoretical findings**



Verified in practice?

**Perception**

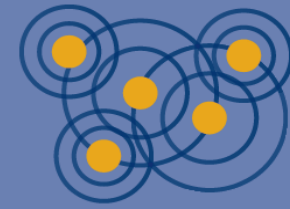


Effectiveness of current practices

**Openness**



Innovative negotiation strategies



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A large, stylized illustration of a balance scale in the background. The scale is tilted, with the left pan (higher) containing three blue and white capsules, and the right pan (lower) containing a stack of five blue coins with a white dollar sign on top. The scale is set against a dark blue background with geometric shapes.

**INTERESTED IN THIS TOPIC OR IN  
COLLABORATING?**

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**THANK YOU**