

# Equity Pricing of Pharmaceuticals

## From Ambiguity to Action

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# Executive Summary



# Executive Summary

## Bridging Equitable Access and Commercial Sustainability

Pharmaceutical companies, through their Environmental, Social, and Governance (ESG) objectives, strive to contribute to the global goal of achieving universal health coverage and access to quality health care.

However, developing cohesive strategies to balance equitable access with commercial sustainability is challenging. This is further compounded by the limited availability of best practice examples and the lack of a clear framework to support decision-making across different contexts.

## Promoting Equitable Access Through Equity Pricing

This paper introduces a framework to support pharmaceutical companies in making strategic, cross-functional decisions on balancing equitable access, particularly Equity Pricing, with commercial sustainability. The framework focuses on three key steps:



**1. VISION**

To start, a decision has to be made on whether to adopt pricing approaches, non-pricing (philanthropic) approaches, or a combination of both, to achieve the objective of promoting equitable access.



**2. STRATEGY**

For pricing approaches, companies can apply different principles (e.g., value-based, cost-plus, equity pricing) and tools (e.g., tiered pricing, risk-sharing agreements, innovative financing), whereas non-pricing approaches can focus on product-specific initiatives or product-agnostic efforts.



**3. TACTICS**

Companies that aim to apply the principle of Equity Pricing, can operationalise this approach through five actionable pillars that enable measurable and sustainable outcomes.

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In outlining this framework, we intend to support pricing teams within pharma companies to explore how equity pricing might work for their assets.

The background is a solid teal color with a complex, abstract pattern of dots and lines. The dots are arranged in a grid that warps and curves to form several organic, rounded shapes. These shapes are composed of many small dots, with some areas having more densely packed dots than others, creating a sense of depth and movement. The overall effect is a modern, digital aesthetic.

# Bridging Equitable Access and Commercial Sustainability



# Bridging Equitable Access and Commercial Sustainability

Achieving universal health coverage and access to quality health care is a key focus area of the United Nations' (UN) 2030 Agenda for Sustainable Development. Central to this agenda are Sustainable Development Goals (SDGs), including Goals 3 and 10 which focus on ensuring healthy lives, promoting well-being, and reducing inequalities within and among countries. <sup>[1]</sup>

Pharmaceutical companies often align these global goals with their Environmental, Social, and Governance (ESG) objectives, with several companies translating these objectives into a commitment to promote equitable access to life-saving treatments.

For instance, Novartis established its 'Novartis Access Principles' to integrate access strategies into the core of its business operations, aiming to expand access to medicines in low- and middle-income countries. <sup>[2]</sup> GlaxoSmithKline (GSK) is known for its tiered pricing model and partnerships with organizations like

Gavi, the Vaccine Alliance, to make vaccines more affordable in low-income countries. <sup>[3]</sup> Johnson & Johnson Innovative Medicine (J&J) has launched a 'Global Public Health' unit to advance Research & Development (R&D) and access strategies specifically for diseases that disproportionately affect underserved populations. <sup>[4]</sup> Similarly, Roche has implemented 'Access to Healthcare' initiatives focused on improving diagnostic infrastructure and training in low-income settings. <sup>[5]</sup>

In their efforts to balance their commitment to equitable access with the commercial realities of drug development, companies have implemented approaches such as tiered pricing and partnerships with manufacturers, distributors, and non-governmental organisations (NGOs) to promote equitable access, notably to medicines most relevant in low- and middle income countries (LMICs), such as medicines that treat communicable and tropical neglected diseases (**Example 1**). <sup>[6]</sup>



## Johnson & Johnson

### EXAMPLE 1:

**Example 1: J&J implemented strategic approaches to promote broad, equitable access to multi-drug-resistant tuberculosis drug, SIRTURO®** <sup>[6]</sup>

- **Voluntary licensing:** Signed a global distribution agreement through the Global Drug Facility (GDF)
- **In-kind donations:** Initiated a 'safety net' donation program through US Agency for International Development (USAID)
- **Tiered pricing:** Applied tiered pricing to ensure affordability in high-burden markets (e.g., India, South Africa)
- **Technology transfer:** Formed a manufacturing partnership with Pharmstandard to promote access in Russia and the Commonwealth of Independent States

Together, these efforts have contributed to expanding access in over 80 LMICs.



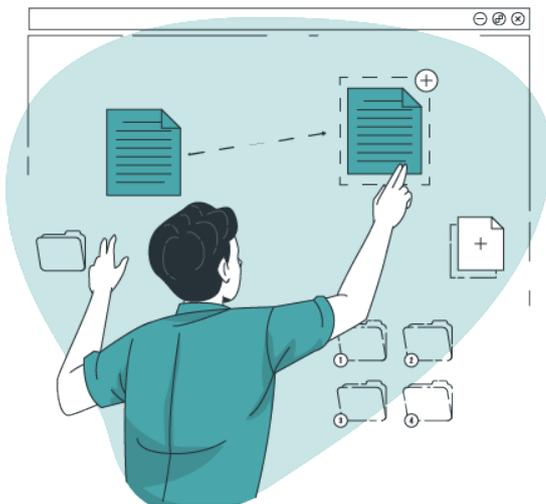
# Bridging Equitable Access and Commercial Sustainability

Striking the optimal balance between a commitment to equitable access and commercial sustainability is an inherently complex challenge. Achieving both objectives fully and simultaneously is impossible.

Each pharmaceutical company must navigate this tension by finding its own equilibrium, guided by its unique identity, based on factors such as corporate values, portfolio composition, annual revenue, profit margins, and geographical footprint.

Optimally bridging equitable access and commercial sustainability is a delicate and highly strategic process. It requires aligning seemingly competing priorities in a way that supports long-term objectives while addressing immediate needs.

Current approaches often emerge in an ad hoc manner, driven by individual opportunities rather than a cohesive strategy. This is, in part, due to the ambiguity surrounding the discourse on equitable access to medicines, which has evolved from various perspectives including those of NGOs, governments, and companies, without a robust, pharma-specific framework.



The ambiguity manifests in three key areas:

## Contextualisation:

Approaches typically focus on emerging markets or LMICs. In these contexts, there is limited exploration of equity pricing in high-value treatment areas (TAs) such as neuroscience, rare diseases, and cancer.

## Conceptualisation:

There is no standardised terminology or framework to define the distinct approaches pharmaceutical companies can take to inform strategic decision-making on promoting equitable access.

## Implementation:

There is insufficient guidance on how to translate company equitable access strategies into actionable plans.

In this paper, we will:

1. Explore equitable access to medicines with case examples from the pharmaceutical industry, particularly in high-value treatment areas
2. Provide a clear framework with strategic approaches for promoting equitable access, with a focus on equity pricing
3. Present the five pillars of implementing an equity pricing strategy

The ultimate goal is to help shape company equitable access initiatives in alignment with their ESG goals and in support of the UN's Sustainable Development goals.

The background is a solid teal color with a complex, abstract pattern of dots and lines. The dots are arranged in a grid that warps and curves to form several organic, rounded shapes. These shapes are composed of many small dots, with lines connecting them to create a mesh-like appearance. The overall effect is a sense of depth and movement, with the shapes appearing to float or flow across the frame. The text is centered in the upper half of the image, overlaid on the teal background.

# Harnessing Equity Pricing to Promote Equitable Access



# Harnessing Equity Pricing to Promote Equitable Access

Pharmaceutical companies committed to promoting equitable access to their treatments must address three critical questions as part of their strategic and cross-functional decision-making process:

<p><b>1. VISION:</b> What is our contribution to equitable access: do we adopt pricing approaches, non-pricing (philanthropic) approaches, or a combination of both?</p>	<p><b>2. STRATEGY:</b> For pricing approaches: which principles (e.g., value-based, cost-plus, equity pricing) and tools (e.g., tiered pricing, risk-sharing agreements, innovative financing) will enable this contribution?</p>	<p><b>3. TACTICS:</b> For equity pricing: how do we deliver measurable and sustainable outcomes?</p>
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## 2.1 Vision for Equitable Access: To Price or Not to Price?

To guide strategic decision-making, we present a framework that distinguishes between **pricing and non-pricing approaches** to promote equitable access (**Figure 1**).

Pricing approaches are differentiated by their underlying principles and implementation tools. **Principles** refer to the concepts that underpin how a product’s price is determined, such as value, cost, or ability to pay. **Tools** are methods for implementing these principles, including tiered pricing, risk-sharing agreements, innovative financing solutions, and emerging market branding.<sup>[7]</sup>

Non-pricing approaches encompass philanthropic initiatives to ensure access to medicines and can be both product-specific and product-agnostic. **Product-specific** non-pricing approaches include not-for-profit provisions (e.g., through early or expanded access, compassionate use, or patient support programs), in-kind donations, voluntary licensing, and technology transfer. Product-agnostic approaches involve strategic partnerships with health systems that go beyond specific treatments, focusing instead on strengthening foundational elements such as infrastructure, health system financing and the health workforce.<sup>[8]</sup>

PRICING APPROACHES		NON-PRICING APPROACHES	
Principles	Tools	Product-specific	Product-agnostic
<ul style="list-style-type: none"> <li>Value-based pricing</li> <li>Cost-plus pricing</li> <li>Equity pricing</li> </ul>	<ul style="list-style-type: none"> <li>Tiered pricing</li> <li>Innovative financing solutions (e.g. risk-sharing agreements)</li> <li>Emerging market branding</li> </ul>	<ul style="list-style-type: none"> <li>Not-for-profit provisions</li> <li>In-kind donations</li> <li>Technology transfer</li> <li>Voluntary licensing</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure (e.g. facilities and information systems)</li> <li>Health system financing (e.g. healthcare insurance)</li> <li>Health workforce (e.g. training)</li> </ul>

Figure 1. Strategic Approaches For Promoting Equitable Access To Medicines.

	In scope of this paper
	Out of scope for this paper

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# Harnessing Equity Pricing to Promote Equitable Access

## 2.2 Strategy for Equity Pricing: Based on Value, Cost, or Equity?

Three principles commonly drive price setting by pharmaceutical companies: value, cost, or ability to pay. The decision on which principle to utilise depends on factors including the type of product, relevant access pathway or market segment, and the dynamics of the disease and treatment landscape (**Figure 2**).

VALUE	COST	ABILITY TO PAY
<b>Value-based pricing</b>	<b>Cost-plus pricing</b>	<b>Equity pricing</b>
<b>Definition</b> <ul style="list-style-type: none"> <li>• Pricing reflects the value of a new medicine to patients, health systems, and society compared to the current standard of care</li> <li>• Value is characterised by e.g., therapeutic efficacy, or health system efficiencies</li> </ul>	<b>Definition</b> <ul style="list-style-type: none"> <li>• Pricing is determined by adding a profit margin on top of costs</li> <li>• Costs to be considered are e.g., manufacturing, research and development, regulatory, and operational costs</li> </ul>	<b>Definition</b> <ul style="list-style-type: none"> <li>• Pricing based on the principle that the poor should pay less for, and have access to, essential medicines</li> <li>• Considers both inter-country and intra-country income disparities</li> </ul>
<b>Commonly applied in</b> Markets using HTA to determine pricing (e.g., UK, France, Germany, Canada, Australia)	<b>Commonly applied in</b> Asia-Pacific markets (e.g., Japan, Bangladesh, Vietnam, Indonesia)	<b>Commonly applied across</b> LMICs and/or countries with intra-country disparities

**Figure 2.** Definition And Common Applications Of Pricing Principles. <sup>[7] [9] [10] [11] [12] [13] [14]</sup>



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# Harnessing Equity Pricing to Promote Equitable Access

## Value-based pricing

Value-based pricing means drug prices are set according to the measurable benefits they bring to patients and health systems, such as therapeutic efficacy, or health system efficiencies. <sup>[12]</sup>

This pricing principle is commonly applied by companies launching in markets that employ health technology assessments (HTA) to determine pricing including the Europe, Canada, and Australia (Example 2). <sup>[12]</sup> The principle is also used within reports by the Institute for Clinical and Economic Review (ICER) which are increasingly used by payers in the United States (US) during pricing negotiations. <sup>[15]</sup>



### EXAMPLE: VALUE-BASED PRICING IN THE UK

Value-based pricing for medicines in the United Kingdom (UK) involves a comprehensive process of assessing clinical and cost-effectiveness, where the drug's value to patients is measured in terms of quality of life and cost per quality-adjusted life year (QALY). In The National Institute for Health and Care Excellence (NICE) generally considers interventions with a cost-effectiveness threshold of £20,000 - £30,000 per year to be good value for money within the National Health Service (NHS). NICE then combines this assessment with commercial pricing agreements with companies to determine the price of a new treatment. <sup>[16]</sup>

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# Harnessing Equity Pricing to Promote Equitable Access

## Cost-plus pricing

Cost-plus pricing involves adding a profit margin on top of manufacturing, research and development, regulatory, and operational costs.<sup>[7]</sup> Companies may choose to apply this principle to ensure profitability for treatments such as gene therapies, that have high costs of production. Markets such as Japan and Bangladesh have put in place national regulations stipulating the use of cost-plus pricing for essential medicines, generics, and medicines with limited or no comparators (**Example 3**).<sup>[13]</sup>



### EXAMPLE: COST-PLUS PRICING IN JAPAN

In Japan, companies can present argumentation in support of cost-plus pricing by demonstrating the absence of suitable comparators based on indication, pharmacological action, composition, chemical structure, and dosage. The price calculation formula adds a premium on top of manufacturing costs, sales and general administrative cost, operating profit, distribution, and consumption tax.<sup>[17]</sup>

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# Harnessing Equity Pricing to Promote Equitable Access

EQUITY PRICING OF PHARMACEUTICALS: FROM AMBIGUITY TO ACTION

## Equity pricing

Equity pricing is defined as pricing based on the principle that the poor should pay less for, and have access to, essential medicines. This definition departs from a humanitarian perspective, the concept of affordability, and ultimately equitable access. It considers both inter-country and intra-country income disparities. Inter-country relates to differences in income between countries, while intra-country refers income differences within countries. Intra-country differences include where there is a disparity between populations covered by public reimbursement and private insurance, as well as populations with varying income levels paying out-of-pocket (OOP).



### EXAMPLE: EQUITY PRICING IN EGYPT

In Egypt, Gilead Sciences applied an equity-based pricing model for its hepatitis C treatment, sofosbuvir, by offering the drug at a substantially reduced rate compared to high-income markets. The price, approximately \$900 per treatment course, was a strategic deviation from the US market price of \$84,000. This differential was justified by Egypt's high disease burden and limited healthcare financing capacity. The approach enabled broad public-sector access and aligned with differentiated pricing principles tailored to local epidemiological and economic conditions.<sup>[18]</sup>

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# Harnessing Equity Pricing to Promote Equitable Access

## Mix and match

Companies may choose to apply tiered pricing and/or undertake philanthropic initiatives as part of an equity pricing approach. <sup>[14]</sup>

Tiered pricing can be applied with different strategic intents: either from a commercial perspective (aiming to maximize revenues to support business and R&D sustainability), or from an access perspective (seeking to maximize the reach and affordability of treatments for underserved populations). It enables companies to apply different pricing strategies across varying market contexts:

- Value-Based Pricing in high-income markets that can pay for the full value of (sustainable research and development for) innovative products
- Cost-Plus Pricing with reduced profit margins in markets with a lower ability to pay
- Equity Pricing with an even lower or no profit margin can be applied in LMICs
- Philanthropic Initiatives to support the most underserved populations.

Each company must determine the right balance in applying these pricing approaches, guided by its own values, size, portfolio, global presence, revenue goals and profit expectations.

## 2.3 Tactics for Equity Pricing: How to Make it Actionable?

Unlike value-based or cost-plus pricing, equity pricing lacks formal processes (e.g., HTA), assessment criteria (e.g., absence of comparator, class of drug) or established formulas (e.g., cost-plus markups). As a result, equity pricing remains both conceptually ambiguous and operationally difficult to implement and evaluate.

Drawing on Inbeeo experience, five recurring elements have emerged as useful considerations when designing equity pricing strategies (**Table 1**). Clearly defining these elements may help foster internal alignment across teams and functions on the principles and rationale guiding equity pricing decisions.





# Harnessing Equity Pricing to Promote Equitable Access

**Table 1.** The Five Pillars of An Actionable Equity Pricing Strategy.

ELEMENTS	OPTIONS	METRICS TO CONSIDER
1. LEVEL FOR SETTING TIERS	Inter-country <sup>[11] [14] [19]</sup>	
	Intra-country <sup>[14]</sup>	
2. INDICATORS FOR TIER DIFFERENTIATION	Burden of health cost on individuals <sup>[11] [19] [20]</sup>	OOP expenditure
		Gaps in insurance policy coverage
		Thresholds for catastrophic / impoverishing health expenditure
		Price impeding adherence
	Country ability to pay <sup>[21]</sup> <sup>[22] [8] [22]</sup>	Public healthcare expenditure per capita
		Total healthcare expenditure per capita
Country's Human Development Index		
Country wealth <sup>[23]</sup>	Gross domestic product per capita	
	World Bank country classification	
3. DEFINITION OF PRICE	Type <sup>[11] [23]</sup>	List price
		(Confidential) Net price
	Time <sup>[11]</sup>	At time of launch
		At present
	Indication <sup>[11]</sup>	For the first indication
		For the present indication(s)
	Flexibility <sup>[11]</sup>	Based on actual price bands
		Based on relative price bands (rules)
Considering volume		
4. METRICS TO MEASURE IMPACT	Patients <sup>[24] [21] [25] [22] [23] [26]</sup>	# patients on (reimbursed) therapies, by tier
		# patients able to receive treatment, by tier
		% of the population covered by reimbursement approval, by tier
	Countries <sup>[19] [26] [27]</sup>	# countries in which patients have accessed, by tier
		# countries in which patients can access / where reimbursement was achieved, by tier
		time between marketing authorisation in the US and reimbursement, by tier

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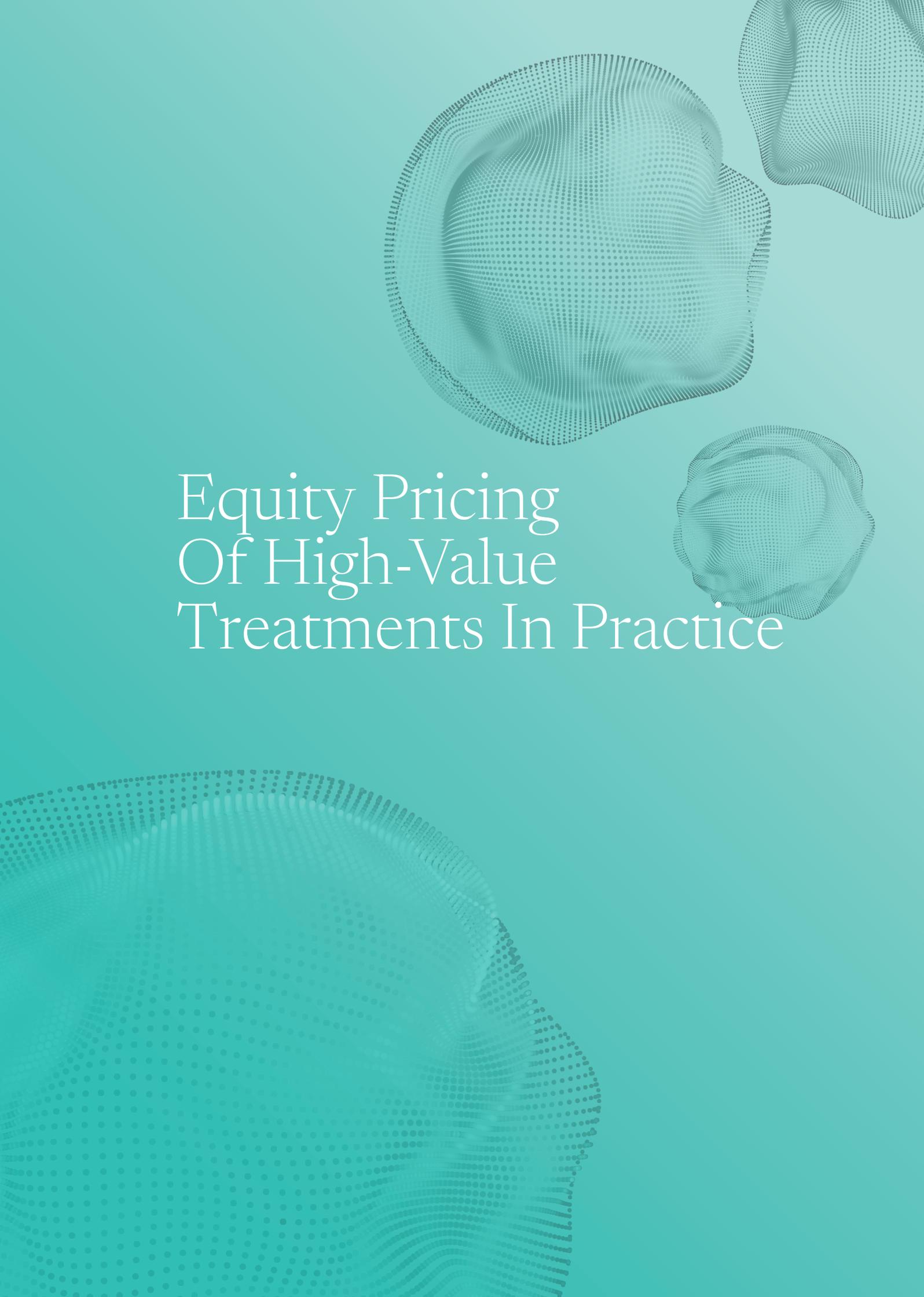


# Harnessing Equity Pricing to Promote Equitable Access

**Table 1. The Five Pillars of An Actionable Equity Pricing Strategy.**

ELEMENTS	OPTIONS	METRICS TO CONSIDER
4. METRICS TO MEASURE IMPACT	Medicines <sup>[21]</sup> <sup>[25]</sup> <sup>[23]</sup>	# medicines provided / authorised / reimbursed / donated, by tier
		number of doses/packs available per capita at a given time, by tier
		number of facilities upskilled to optimise access, by tier
	Company <sup>[20]</sup> <sup>[22]</sup>	# patents filed or enforced, by in lowest tier markets
		# settlements of Abbreviated New Drug Application litigation that involved payments and/or provisions to delay bringing an authorised generic product to market for a defined time period in lowest tier markets
5. ORGANISATION OF ACCOUNTABILITY	Governance <sup>[21]</sup> <sup>[22]</sup> <sup>[23]</sup>	Equitable Access & Equity pricing led by a dedicated Global Health Unit
		Equitable Access & Equity pricing organised in (a) separate programs
		Equitable Access & Equity pricing integrated in the commercial organisation
	Alignment	Equitable Access & Equity pricing integrated in ESG and Access to Medicine Foundation reporting
		Equitable Access & Equity pricing not integrated in other ESG and CSR activities
	Roles & Responsibilities	C-suite has Equitable Access & Equity pricing performance indicators / incentives
		Other, non-C-suite, Executives have Equitable Access & Equity pricing performance indicators / incentives
	Verification <sup>[11]</sup>	External validation of KPIs
		Internal validation of KPIs
	Disclosure <sup>[11]</sup>	Public disclosure of Equitable Access & Equity pricing commitments, objectives, KPIs, activities and outcomes <sup>[22]</sup>
Internal disclosure of Equitable Access & Equity pricing commitments, objectives, KPIs, activities and outcomes		

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The background is a solid teal color with a complex, abstract pattern of dots and lines. The pattern consists of numerous small dots arranged in a grid that warps and curves into organic, flowing shapes, resembling a topographical map or a digital mesh. The dots are slightly darker than the background, and the lines are thin and light-colored, creating a subtle, textured effect.

# Equity Pricing Of High-Value Treatments In Practice



# Equity Pricing Of High-Value Treatments In Practice

There are a few documented instances of pharmaceutical companies applying approaches that involve equity pricing for high-value treatments in non-communicable diseases such as neuroscience, rare diseases and cancer. Here, we assess three case studies, outlining what is known and unknown about the approaches implemented by Roche, Pfizer and Novartis.



## CASE 1:

### How Roche implemented equity pricing for EVERYSDI® (risdiplam) across India, China, and Pakistan

#### WHAT WE KNOW:

- In 2021, Roche sought to expand access of EVERYSDI® to patients with spinal muscular atrophy (SMA) in India, China, and Pakistan by implementing an inter-country tiered pricing strategy <sup>[28]</sup>
- The prices of EVERYSDI® in these markets were reduced by at least 43% compared to its price in developed markets (i.e., US) <sup>[29]</sup>
- Roche received public backlash in India for pricing the drug up to fifteen times higher than in China and Pakistan <sup>[28]</sup>

#### WHAT WE DON'T KNOW:

- What were the indicators for tier differentiation?
  - Roche has an International Differential Pricing framework, which considers a country's gross domestic product, UN's Human Development index, and public healthcare investment; however, it is unclear whether this framework was used in the tiered pricing strategy for EVERYSDI® <sup>[30]</sup>
- How did Roche define the price?
- What metrics were used to measure impact?
- How was accountability organised within the Roche teams to implement this strategy?
- Could public backlash have been avoided if the company had transparently shared a clear equity pricing strategy across markets?



## CASE 2:

### How Pfizer implemented equity pricing for LORBRENA<sup>®</sup> (lorlatinib) in Mexico

#### WHAT WE KNOW:

- In Mexico, Pfizer implemented intra-country tiered pricing for LORBRENA<sup>®</sup>, a later-line treatment for non-small cell lung cancer (NSCLC). The price of the drug was differentiated in the public and private sector based on ability to pay:<sup>[8]</sup>
  - In the public sector, the price of LORBRENA<sup>®</sup> was established based on a formal government health technology assessment, and considered public sector affordability<sup>[8]</sup>
  - In the private sector, the price of LORBRENA<sup>®</sup> was set by internal and external reference pricing, competitor-based pricing, and private patient affordability. Tiered discounts were offered based on remaining insurance policy coverage for later-line NSCLC treatments and ability of patients to pay out of pocket<sup>[8]</sup>

#### WHAT WE DON'T KNOW:

- What specific criteria or thresholds guided Pfizer's decisions on affordability in each sector?
- How did Pfizer operationalise ability-to-pay assessments for private patients (e.g., income tiers, co-pay burden)?
- What metrics were used to measure impact?
  - Pfizer reported increased patient reach for select products in low and middle-income countries, though it is unclear whether this includes LORBRENA<sup>®</sup> in Mexico. If so, the case may offer insight into impact.<sup>[8]</sup>
- How was accountability organised within the Pfizer teams to implement this strategy?



### CASE 3:

## How Novartis implemented equity pricing for AIMOVIG® (ereenumab) in Egypt

#### WHAT WE KNOW:

- In Egypt, Novartis implemented both inter-country and intra-country equity pricing for AIMOVIG® (ereenumab).
- The price of AIMOVIG® was discounted by at least 50% compared to its price in developed economies. <sup>[31] [32]</sup>
- Novartis applied the same price across Egypt's public and private sectors, and supported patients through micro-finance schemes, including assistance with out-of-pocket costs and low-premium insurance options. <sup>[8]</sup>

#### WHAT WE DON'T KNOW:

- What criteria or thresholds guided the pricing discount compared to developed markets?
- How did Novartis assess affordability in Egypt to inform the price level?
- What metrics (e.g., patient access, uptake, affordability) were used to evaluate the impact of the strategy?

How was accountability structured within Novartis teams to implement and monitor the equity pricing approach?

The information available across case studies is often limited to the use of inter- vs intra-country tiering and discount levels. While these examples are inspiring and useful, there is limited publicly available insight into how companies have moved from a vision and strategic intent to practical implementation and outcome measurement.

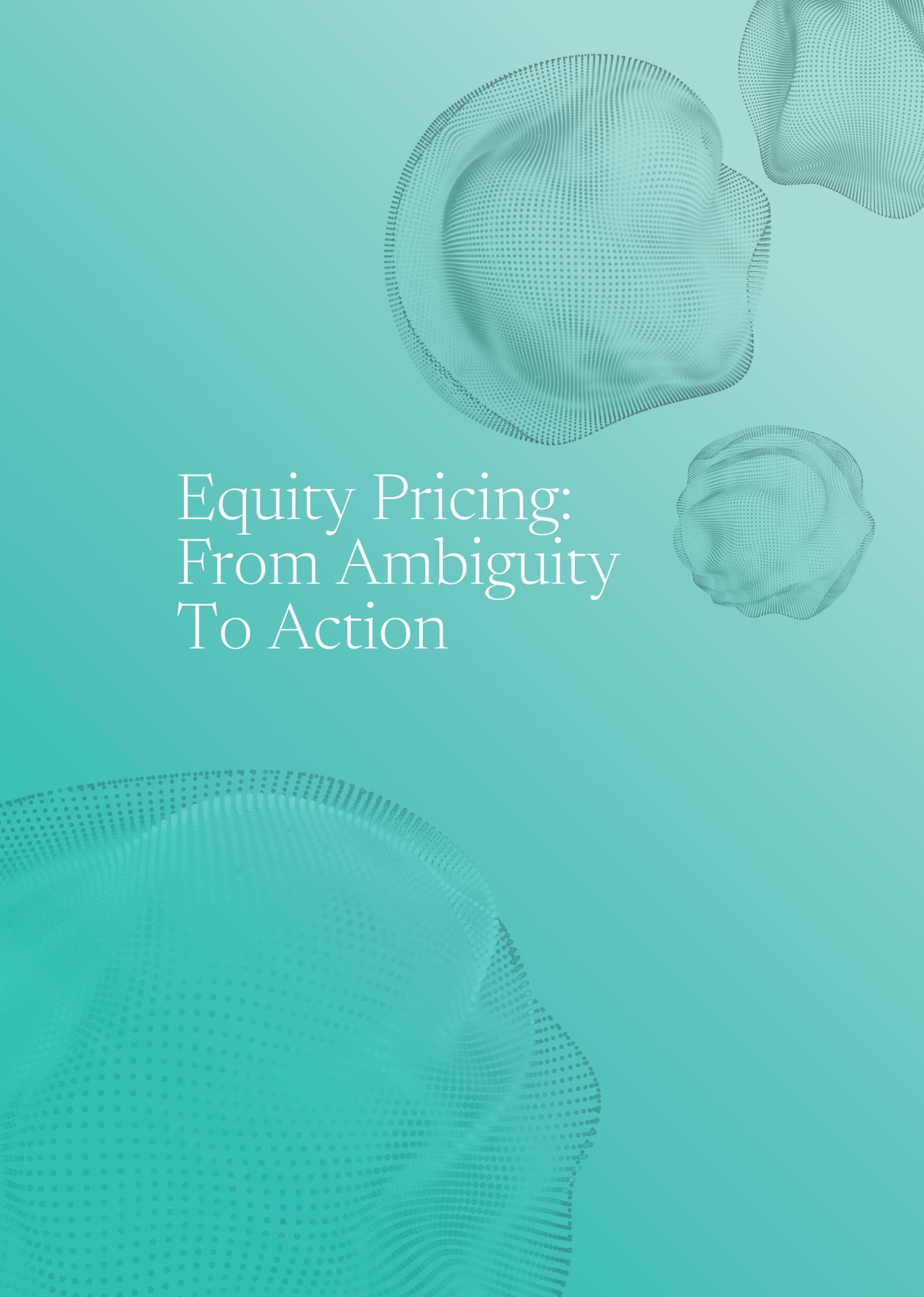
Commonly identified knowledge gaps across the cases include:

- What is the company global pricing policy and approach?
- What were the indicators for tier differentiation?

- How did the companies define the price (e.g., based on treatment line, market launch timing, or adaptable over time to reflect affordability or uptake)?
- What metrics were used to measure impact?
- How was accountability organised internally to implement the strategy?

There is a real opportunity for industry leaders to shape the future of equity pricing by sharing not only what was done, but why and how it was done, and what difference it made. Sharing these experiences has the potential to strengthen the evidence base, foster shared learning, shape emerging standards, build stakeholder trust, and accelerate progress toward equitable access.

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# Equity Pricing: From Ambiguity To Action



# Equity Pricing: From Ambiguity To Action

As the pharmaceutical industry continues to evolve, there is increasing pressure to ensure that life-changing therapies reach those who need them most, regardless of economic or geographic disparities.

By addressing the critical gaps in contextualisation, conceptualisation, and implementation, the presented framework aims to support the transformation of equity pricing into a practical solution that drives meaningful impact for patients, payers, and healthcare systems worldwide. It brings structure and clarity, which can empower pricing and access teams to assess how equity pricing could be applied, and to present their rationale for equity pricing to the wider organisation.

Ultimately, the journey from ambiguity to action in equity pricing is an ongoing and dynamic process. As more companies integrate equity pricing into their strategies, the focus will shift towards measuring outcomes and refining approaches based on real-world evidence and shared insights. By fostering transparency, collaboration, and innovation, the industry can collectively work towards a future where equitable access to medicines becomes a reality.





## Abbreviations

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CEO	Chief Executive Officer
ESG	Environmental, Social, and Governance
GDF	Global Drug Facility
GSK	GlaxoSmithKline
HTA	Health Technology Assessment
ICER	Institute for Clinical and Economic Review
J&J	Johnson & Johnson Innovative Medicine
LMIC	Low- and Middle-Income Country
NGO	Non-Governmental Organization
NHS	National Health Service
NICE	National Institute for Health and Care Excellence
NSCLC	Non-Small Cell Lung Cancer
OOP	Out-of-Pocket
QALY	Quality-Adjusted Life Year
R&D	Research and Development
SDG	Sustainable Development Goals
SMA	Spinal Muscular Atrophy
TA	Therapeutic Area
UK	United Kingdom
UN	United Nations
US	United States
USAID	United States Agency for International Development



# Glossary of Terms

PHARMACEUTICAL PRICING PRINCIPLES	
Value-based pricing	Pricing reflects the value of a new medicine to patients, health systems, and society compared to the current standard of care. Valued characteristics of a medicine can include e.g., therapeutic efficacy, or health system efficiencies. <sup>[7] [9] [10]</sup>
Cost-plus pricing	Pricing is determined by adding manufacturing, R&D, regulatory, operational costs, and a profit margin. <sup>[7]</sup>
Equity pricing	Pricing based on the principle that the poor should pay less for, and have access to, essential medicines. This definition departs from a humanitarian perspective, the concept of affordability and ultimately equitable access. It considers both inter-country and intra-country income disparities (e.g., between populations covered by public reimbursement, private insurance, and populations with varying income levels paying OOP. It includes tiered pricing and philanthropic initiatives. <sup>[14]</sup>
PHARMACEUTICAL PRICING TOOLS	
Tiered pricing	Pricing based on the principle of charging different prices in different markets or market segments. This principle departs from a pharmaceutical company perspective, and the concept of ability to pay and/or willingness to pay, based on economic, social and healthcare capabilities. Tiered pricing can be applied for commercial reasons and/or with a focus on reaching the poor, in a context of value-based pricing, cost-plus pricing and/or equity-pricing. <sup>[7]</sup>
Equity-Based Tiered Pricing	Pricing is based on ability to pay, with less wealthy or lower tiers paying less than wealthier or upper tiers, to balance affordability and access (Equity Pricing) with sustainability from a pharmaceutical company perspective (Tiered Pricing). It can be applied both within and between countries. The term was introduced in relation to inter-country tiers in Europe. <sup>[11]</sup>
Risk-sharing agreements	These agreements between pharmaceutical companies and payers address uncertainties about a drug's performance or budget impact, at the level of an individual patient or the population. Examples of performance- or finance-based agreements include pay-for-performance, free initiation, caps and discounts. <sup>[33]</sup>
Innovative financing solutions	After pricing and risk-sharing are established, Innovative Financing Solutions like instalment plans, subscription models, and microfinancing help payers to enhance affordability. <sup>[34]</sup>
Emerging market branding	One or more local brands are launched at significantly lower prices than the original brand. <sup>[8]</sup>



# Glossary of Terms

PRODUCT-SPECIFIC NON-PRICING APPROACHES	
Not-for-profit provisions In-kind donations	A pharmaceutical company provides a drug to a community at or below cost, without the aim of generating profit. This approach is intended to broaden access, particularly for essential medicines or those in shortage, while allowing for recovery of basic production or distribution costs. <sup>[35]</sup>
In-kind donations	A pharmaceutical company provides a drug entirely free of charge to a community, with the goal of improving early or emergency access, supporting underserved populations, or contributing to public health or humanitarian initiatives. This does not involve any cost recovery or revenue generation. <sup>[36]</sup>
Voluntary licensing	Voluntary Licensing refers to agreements where patent holders allow generic manufacturers to produce and market a patented medicine under specified terms. <sup>[14]</sup>
Technology transfer	Technology Transfer refers to the transfer of technical information, tacit know-how and performance skills, technical materials or equipment, jointly or as individual elements, with the intent of enabling the technological or manufacturing capacity of recipients. <sup>[37]</sup>
PRODUCT-AGNOSTIC NON-PRICING APPROACHES	
Health System Partnerships	Contributions to health systems beyond medicines and technologies, by strengthening health system building blocks such as Governance, Financing, Data and Information, Infrastructure and Service Delivery, and the Health Workforce, thereby health equity. <sup>[38]</sup>
Health System Financing Partnerships	Health-care financing consists of mobilizing health funds, pooling these funds, and using them to purchase health-care services. <sup>[39]</sup>
Health Workforce Partnerships	The health workforce consists of all people engaged in actions whose primary intent is to enhance positive health outcomes. This includes a wide range of individuals, not just those directly involved in patient care, but also those who contribute to the broader health system. <sup>[40]</sup>



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