

Review of indication-based pricing practice in Switzerland

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Background

Indication-based pricing (IBP) is a pricing approach in which the cost of an active ingredient is adjusted based on the specific indication for which it is used to treat. In some European countries, IBP is implemented to reflect the value of the product's indications portfolio. Generally, this is achieved by either applying a single "weighted" price based on the value of each indication (e.g., Germany) or by setting individual prices for each indication (e.g., Switzerland). In other countries, the price for the first indication is reimbursed for all indications (e.g., Netherlands).

Objectives

The objective of this study was to understand the prevalence of IBP in Switzerland.

Methods

We identified active ingredients with multiple net prices listed using the Speciality List (SL) from December 2022.

Results

In Switzerland, the list price for an active ingredient remains the same, but the net prices (i.e., the price after discount is applied) may vary depending on the indication for which it is used. According to the SL as of December 2022, there are 20 medicines (excluding generics and biosimilars) with indication-based discounts (Table 1). These are all oncology products, and the types of discounts per active ingredient can vary. The discounts may include combinations of publicly available discounts, confidential discounts, and budget caps.

Table 1. List of products with multiple indications and net prices

#	Products	Confidential discount(s)	Public discount	Budget cap
1	Bevacizumabum	✓	✓	
2	Brigatinibum		✓	
3	Dabrafenibum	✓		
4	Daratumumabum	✓		✓
5	Elotuzumabum	✓		
6	Entrectinibum	✓	✓	
7	Lorlatinibum		✓	
8	Nivolumabum	✓		
9	Obinutuzumabum	✓	✓	
10	Olaparibum	✓		✓
11	Osimertinibum	✓		
12	Pembrolizumabum	✓		
13	Pertuzumabum	✓	✓	
14	Pertuzumabum, Trastuzumabum	✓	✓	
15	Pomalidomidum	✓	✓	
16	Pralsetinibum	✓	✓	
17	Trametinibum	✓		
18	Trastuzumabum	✓		
19	Trastuzumabum emtansinum	✓	✓	
20	Venetoclaxum		✓	

Conclusion

Despite its potential benefits, the implementation of IBP can be challenging for healthcare systems due to lack of data tracking of different uses of the same medicine. From a manufacturer's perspective, without IBP, there is an incentive to only focus on smaller/high-value indications rather than expanding the use of existing active ingredients to treat additional conditions. The implementation of indication-based discounts in Switzerland allows manufacturers to align the net price of a medication with its value. This approach also reduces the risk of list price erosion when introducing a new indication and provides flexibility in combining different types of discounts for the same active ingredient.