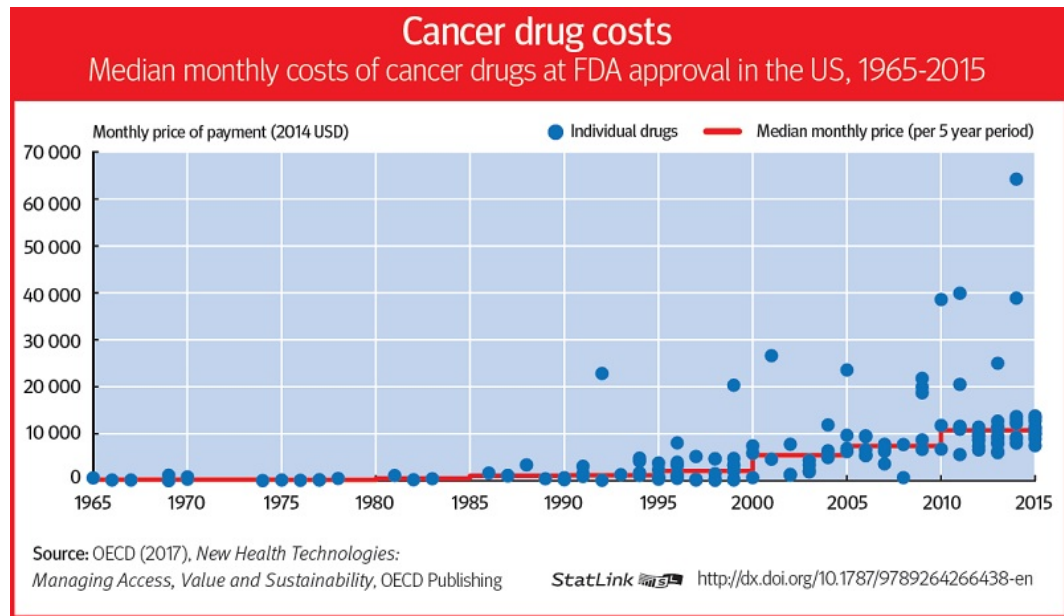


Addressing high costs of specialty drugs

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Cancer represents an increasing budgetary pressure on healthcare systems. In OECD countries, total pharmaceutical spending accounts for one-fifth of healthcare spending on average, but while overall spending for medicines did not increase (and even decreased) since 2008-09, the share of high cost “specialty medicines”, to treat cancer patients, for instance, has increased sharply, as it represented 37.7% of total prescription drug spending in the US in 2015.

The trouble is, while oncology drug costs are expected to grow strongly, it is not necessarily accompanied by a commensurate increase in cure rates or other health benefits for patients. Spending on cancer treatment is predicted to reach US\$150 billion worldwide by 2020; already, 12 out of 13 cancer drugs approved by the US Food and Drug Administration (FDA) in 2012 cost more than \$100,000 per year.

These trends partly reflect an increase in efforts to treat and cure cancer in OECD countries, but they also result from commercial strategies of pharmaceutical companies. Furthermore, the duration of treatment with new cancer drugs has increased, partly due to their ability to prolong life, which also increases the

average cost of treatment. This adds to pressures on public budgets and is a source of (sometimes heated) discussion among policymakers and pharmaceutical firms. Some experts argue that drug companies should be paid generously for discovering and rolling out new treatments, for instance, but allow their prices to fall after that: in other words, pay for the innovation, not for the supply.

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References

New health technologies: Managing access, value and sustainability <http://dx.doi.org/10.1787/9789264266438-4-en>