

Drug Launch Superstars: Where are They Now?



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Market incentives work to support supplemental approvals and competition

In this Center for Pharmacoeconomics (CPE) Special Report, we examine the real-world market dynamics of 15 drugs—10 small molecules and 5 biologics. The drugs examined had only been in the market for 12 to 16 years at the time of this analysis.

Of the 15 drugs examined, all but two (87%) have had at least one supplemental approval (e.g., new indication, expanded population, new formulation, updated label). **There was an average of 4.5 supplemental approvals per drug** suggesting there were market incentives for manufacturers to invest in post-approval research and development. These supplemental approvals are beneficial for society and the stakeholders within the healthcare system.

At the time of this report posting, **the majority (60%) of the drugs examined were already facing generic or biosimilar competition** suggesting there were market incentives for generics and biosimilars to enter the market as quickly as possible. For the subset of drugs we examined that had a generic/biosimilar with public price estimates available, substantial price drops were already observed. For products with a generic in the market for more than one year, **the generic price was 87% to 99% lower than the branded launch price**. Generic and biosimilar competition after the appropriate exclusivity period is essential to promote ongoing innovation and lower drug costs.

The drugs evaluated in this CPE Special Report may not be reflective of all drugs. However, these real-world examples illustrate how **market-based incentives are working** to support supplemental approvals (which should be a win-win for the manufacturer and society) and the entry of generic/biosimilar competition (which should result in substantial price drops).

A drug has a variety of market incentives and dynamics over its lifecycle, and it is critically important these are acknowledged when critiquing prices and developing policies.

Read our full report for more details and discussion.

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