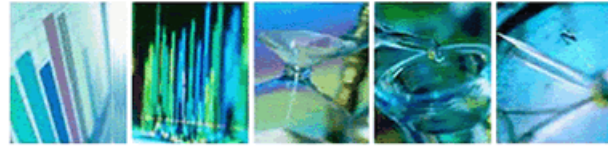




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Strategic Solutions for Managed Markets

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Biosimilar Pricing Implications

By Kirk McConnell, Manager of Syndicated Studies

Today, biosimilars are top of mind for many stakeholders. The government is developing legal pathways for biosimilar approval and launch. Payers are figuring out how to leverage the potential launch of biosimilars to contain specialty drug spend. Drug manufacturers are anticipating what the launch of biosimilars will do to branded drug costs.

Because of these issues, the most recent edition of the *Managed Care Biologics and Injectables Index* asked 100 payers to anticipate the discounts that will be offered by biosimilars. The results were surprising. Payers believe that biosimilars will enter at an average discount of 22% over branded alternatives. Furthermore, payers believe that biosimilar entry will push branded agents to give an average discount of 13% off of current prices.

Why were we surprised?

Our rich experience with payer research has shown that payers are typically overly optimistic about the market impact of landscape events. We were startled that payers did not anticipate steeper discounts.

Payers' realistic projections that biosimilars will not offer the pennies on the dollar saving of small molecule generics indicate that biosimilars will most likely be treated as me-too drugs. They will give payers the ability to leverage competitive dynamics within specialty categories but they will not trigger the dramatic collapse of category drug prices.

The launch of biosimilars promises to be one of the most significant near-term market events within the pharmaceutical space. As the specialty landscape matures, The Zitter Group will continue to use our syndicated research to track these issues and provide valuable strategic insights.

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