Press Release

UK Case Study of Drug Pricing Limitations

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The Inflation Reduction Act's (IRA) mandate that drug manufacturers pay a certain price concession (or rebate) may have the unintended consequence of driving some manufacturers out of the market, potentially reducing access to medicines for patients. In a new insight, Director of Health Care Policy Laura Hobbs uses the United Kingdom's drug pricing negotiation strategies as a case study to show what pitfalls the United States should avoid.

Key points:

- The UK has two regulatory schemes, statutory and voluntary, each of which sets certain price concession methodologies for drug manufacturers to participate in the market and receive government reimbursement for their products.
- To avoid the regulatory burden of the IRA, drug manufacturers are likely to revise their research and development strategies as government reimbursement from Medicare may not be viable for certain products or medical conditions.
- Lawmakers should examine the impacts of other countries' drug negotiation and rebate strategies to avoid establishing a process that could lead to drug shortages or delays of new therapies.

Read the analysis