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The Biosimilars Opportunity – Driving Access to Treatment in Europe

Biosimilars are thought to have saved the EU up to $44Bn in healthcare costs1 but there is not yet a harmonised approach in Europe towards interchangeability. Gabriela Marton, Regulatory Affairs Director and Quality Director at Arriello, highlights EU regulatory challenges and calls for policy changes and education to maximise the opportunity for biosimilars to enhance patient outcomes.

Biosimilars, as a cost-effective alternative to biological medicines, improve patient access to modern therapy. As these therapeutics become trusted and more widely used by clinicians, we can expect a larger number of new biosimilars coming onto the market as the patents and market exclusivity linked to innovator products expire. By 2019, more than 14 innovative biological products lost their orphan designation market exclusivity, and by 2029 another 34 innovative biological products will join them. With regard to patents, by 2023 those will expire for most formulations, creating a very fruitful period to develop important biosimilars.

While biological drugs are the originators of new treatments, such products are costly to develop and to procure. A newly-developed molecule can be 10–15 years in the development phase and incur over 1 billion euros or dollars in R&D cost. Once that formula's patent and market exclusivity expires, competing manufacturers can bring a biosimilar to market at a fraction of the price, enabling cheaper procurement options for governments and potentially giving patients much wider and more affordable access to treatments. These products might take 30–50 per cent less time to develop, and cost up to 70 per cent less than their biologic originals – savings which can be passed on to healthcare providers and patients.

Biosimilar Benefits

Biosimilar treatments offer similar benefits for the healthcare system as generic drugs, though they cannot be compared. Generics are small-molecule formulations *identical* to the innovative product, while a biosimilar can only aim to be *highly similar* to the innovative product. However, both generic and biosimilar products will be expected to have the same clinical effect as the respective innovative product.

As biologics are very important in treatment of oncological, rheumatological, endocrinological and other rare diseases, increasing numbers of manufacturers are moving from small-molecule developments to the more complex process of developing larger molecules.

Although not biologically identical, biosimilars are 'highly similar' to the original/reference product/innovator (think identical twins, but each with their own unique fingerprints). This means that when companies are going through regulatory assessments, they can re-use information developed by the original innovator company. It's because of this that the development of the biosimilar can be several years faster: an enhanced comparative quality study is recommended, rather than extensive clinical and non-clinical studies, to support product registration.

For orphan designations (medicine for rare diseases), biosimilars offer speed to market with cost-effective medicines and giving more patients affordable access to the treatments they need. This is not due only to the lower cost of development of biosimilars versus biological innovator originals, but also to increased market competition and the emerging regional or country policies designed to attract more biosimilar treatment alternatives. Most biosimilar products are introduced into markets through tenders. We have seen 85 per cent discounts achieved in Norway and 45 per cent in France, following local negotiations. The increased competition also forces originator/biologic manufacturers and sellers to bring their own pricing down on their innovative products, further adding to the affordability of important treatments.

Reducing Treatment Costs

Our assessments of the available market information reveal that in 2019, an average ratio of 3.5 market concentration for biosimilars per originator was achieved in Europe. The price reduction of *originator* after the introduction of biosimilars reached more than 60 per cent in Portugal for erythropoietin (EPO), a hormone produced by the kidneys to stimulate production and maintenance of crucial red blood cells. The price per treatment per day came down by an average of 30 per cent.

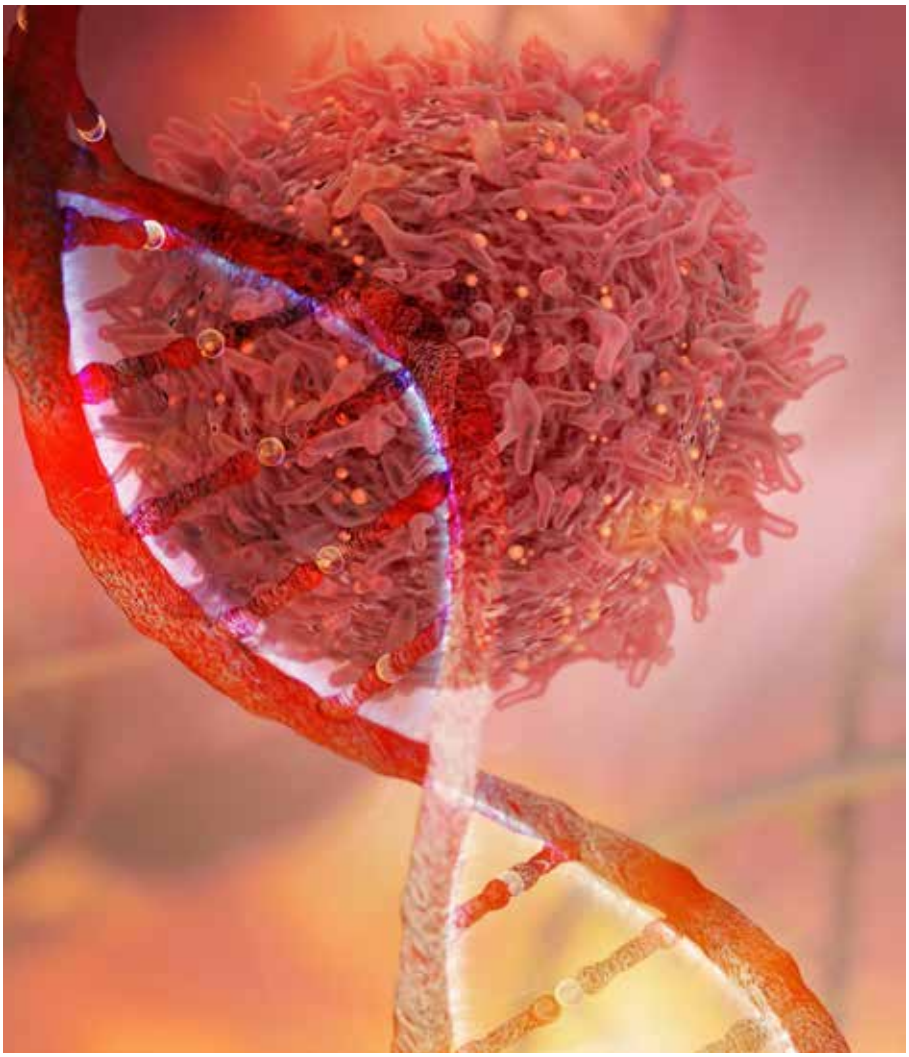
Interest in biosimilars is strong, and growing as understanding grows around this alternative route to medicines access – and as trust builds. Initially, the fact that biosimilars are not exact equivalents of reference drugs, may not come in the same pharmaceutical dosage as the originator, and testing can reveal insignificant clinical differences, caused some concerns about the safety of any interchangeability in the treatment between biosimilar and originator and vice-versa, or between two biosimilars. Yet, as multiple studies have been performed to demonstrate the low risks of interchangeability, and as authorities' interest in supporting such studies has increased to be able to indicate where impeachability is recommended, those inhibitors have decreased in intensity.

Agreement among the various authorities about how to handle biosimilars will help further here. Today, more than 70 biosimilars are registered in the EU and others are under evaluation, thanks to efforts by the European Medicines Agency (EMA) to continuously improve guidelines and provide appropriate support to bring these products to market. Similar efforts have been seen across each national drug authority around Europe and the Heads of Medicines Agencies (CMDh), to provide access to biosimilars.

There is a way to go, however. Currently there isn't a harmonised approach in Europe towards interchangeability. Rather, each member state's national medicine authority can decide this on a case-by-case basis.

The European Landscape

More encouragingly, most European countries *have* now succeeded in achieving widespread acceptance of biosimilars by all



parties: payers; providers; and patients. It is important that all parties understand the benefits of having available on the market such medicines.

In the Nordic countries, biosimilars are being introduced very rapidly, which has led to the impressive price competition mentioned above and wide-scale patient access to important treatments.

Other governments have introduced initiatives to increase biosimilar penetration in the market. In France, where patient associations have an influence in policy creation, there is a plan to achieve 80 per cent penetration during the current year. Also in France, along with Belgium, Germany and Sweden, government policy has seen incentives introduced for manufacturers, hospitals and also for patients.

Companies may need some help navigating the differences, as the balance achieved by good policies can be easily destabilised by measures ranging from exclusive tenders (which can negatively impact biosimilar sustainability and lead to supply shortages), to fixed reimbursements pricing (which can destabilise competitive markets and discourage manufacturers' participation). There are also many countries that don't yet have a policy for incentives, or have not yet fully implemented the policies they have been developing.

In some countries, policies are ensuring that market volumes are guaranteed; in others there is no such guarantee so, after price readjustment, market volumes are lost.

Growing Understanding

Other challenges are linked to education. Education around biosimilars is badly needed, not only for healthcare professionals but also for patients, decision-makers, and perhaps also the media – not just about the differences and relative benefits between biologics and biosimilars, but also how such products come into use, and how they are administered or self-administrated, as medicine develops together with technology.

This education is vital to build trust, and to support interchangeability in treatment, where applicable. Without this confidence in substituting original treatments with new biosimilars, healthcare professionals will continue to recommend the reference product, which will stifle competition and lead to price increases over time, a phenomenon seen also in generics over time.

Winning the Biosimilars Race

For life sciences companies, biosimilars present an exciting opportunity to bring important treatments to market more affordably and in higher volumes, putting the needs of patients first.

For medicine manufacturers, the ability to develop and roll out the right products at the right price and in sufficient volumes to keep pace with market demand and fulfil patients' needs is paramount. Europe is a great place to get this right, as the authorities here have the most advanced understanding and emerging policies.

Governments have a part to play. It is vital that they introduce attractive policies and incentives for manufacturers to invest in development and commercialisation of biosimilars. This will support competitive and sustainable supply and drive affordable pricing. As more biological products lose their exclusivity, there is likely to be a race to bring biosimilars to market and companies that hold back could lose significant ground.

Gabriela Marton

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