

PRESS RELEASE

FAIRER MEDICINE PRICES COULD SAVE EUROPEAN UNION 27€ BILLION A YEAR

Europe could save up to €27 billion a year on new medicines if prices were better aligned with real costs and therapeutic value, according to new research using AIM's Fair Pricing Model. The peer reviewed study, published in [PharmacoEconomics](#), found that applying fair prices to the ten medicines studied would have reduced money spending on medicines by 73% across the participating countries. In one medicine, the fair price was 97% lower than the list price.

What did we study?

The analysis looked at ten market protected medicines across Belgium, Estonia, Germany, the Netherlands, Slovenia and Switzerland, covering treatments in oncology, rare diseases and chronic conditions. According to the medicines studied, the results show a clear pattern: prices paid by health systems are totally disconnected from the actual costs of bringing a medicine to market and from the therapeutic value delivered to patients.

Solidarity based health care systems at stake

Excessive medicine prices put solidarity-based health systems under severe budgetary pressure, weaken public negotiating power and risk limiting access to treatment. When health systems overpay for medicines, fewer resources remain for patients, prevention, care staff and long-term resilience. Applying fair prices to the ten selected medicines resulted in an average weighted reduction of 77% in gross expenditure and 73% in net expenditure across the participating countries.

The pricing gap is especially visible in cancer medicines

Very large pricing gaps were seen in the cancer medicines field, major financial challenge for the health budget all over Europe: cancer treatments costing tens of thousands of euros for the treatment of a single patient, could be priced 87% lower.

How can we reach fair prices for all parties concerned?

AIM's [Fair Pricing Calculator](#) is a transparent tool designed to calculate a price that is affordable for health systems and patients while still providing sufficient incentives for pharmaceutical companies to invest in innovation and production. The model considers research and development costs, production costs, sales and medical information costs, a reasonable profit and, where justified, an innovation bonus linked to added therapeutic value. The base analysis used an R&D lump sum of €800 million per medicine.

We need a paradigm shift in pharmaceuticals

AIM believes the current situation cannot be treated as business as usual. When medicine prices are set at levels that cannot be justified by underlying costs or public health value, governments and payers must be prepared to challenge them more firmly.

Loek Caubo our president states:

“AIM has published its works on the Fair Pricing Model first in 2019. We have published a fair pricing calculator in 2021. We are convinced that a paradigm shift is needed in looking at how pharmaceutical prices are calculated. We are very proud to see our Fair Pricing Calculator has been used in such major investigative research of 37 different journalists across the world.”

Stronger negotiating power is essential

AIM calls for stronger public negotiating capacity and pricing approaches that better reflect both therapeutic value and real investment costs. The study shows that the Fair Pricing Model can strengthen buyers’ negotiating positions and support pricing and reimbursement discussions. The model is already used in practice by Dutch health insurers when negotiating medicine prices with pharmaceutical companies.

PRESS CONTACT:

Sibylle Reichert

Executive Director of AIM

aim.secretariat@aim-mutual.org

ABOUT AIM

The International Association of Mutual Benefit Societies, AIM, is a global network for equitable health and social care and the umbrella organization for federations of health mutuels and statutory and complementary health insurance bodies. AIM advocates for equal access to health and care, fair pricing of medicines and stronger solidarity-based health systems.