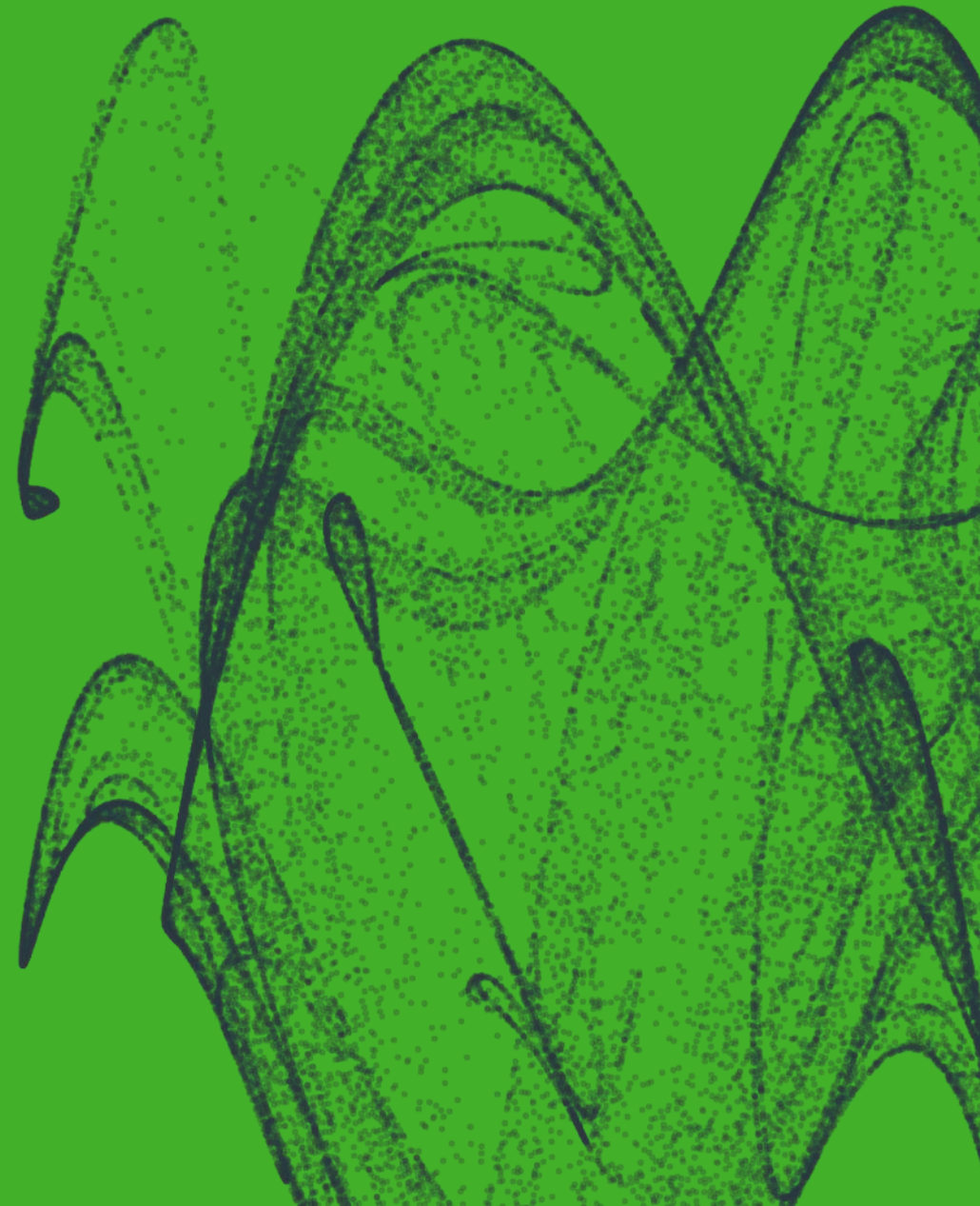




# **IQVIA Life Sciences Innovation Forum**

**Set-up Slides: Advancing Health System  
Sustainability**

**September 15, 2022**



# Drug spending is a small portion of health spending and generally rising more slowly in all countries since 2000

*Per Capita Drug (Hospital and Retail) and Health Spending in Real PPP 2020\$, 2000-2018*

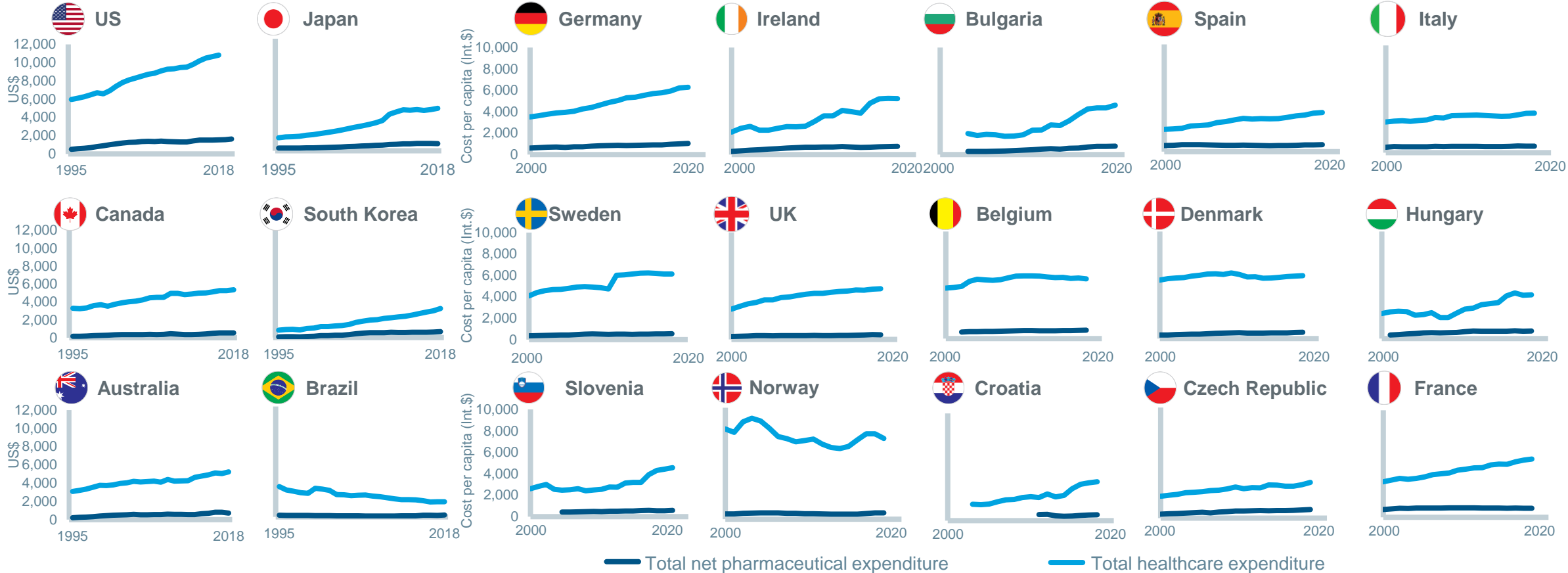


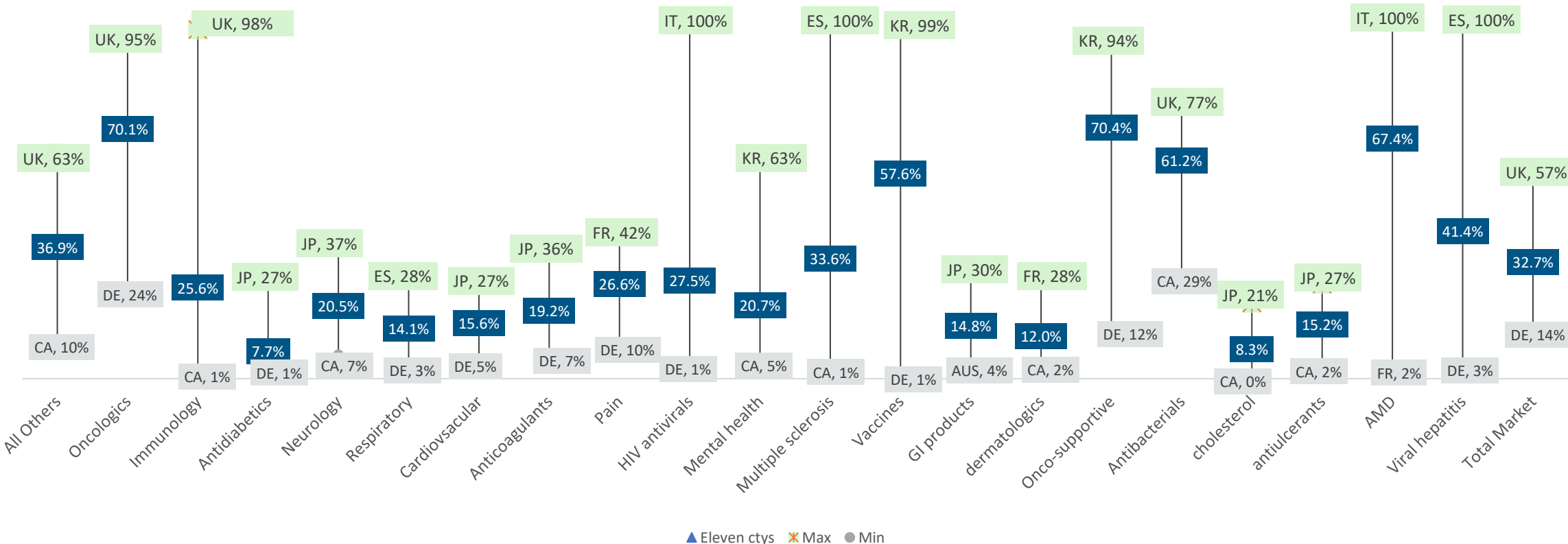
Chart notes: Drug spending includes medicines dispensed in both retail and non-retail sectors and is estimated net of discounts and rebates. Purchasing Power Parity (PPP) and GDP growth to represent in 2020 values.

Source: Understanding Net Pharmaceutical Expenditure Dynamics in Europe, April 2022 accessed at: <https://www.iqvia.com/-/media/iqvia/pdfs/library/white-papers/iqvia-understanding-net-pharmaceutical-expenditure-dynamics-in-europe.pdf>

# Therapies are not consistently dispensed in the same venues, with hospital share ranging from 0 to 100% in some cases

*Hospital Share of Audited Spending, Constant US\$, 2020*

Hospital share of audited spending 2020



Sources: IQVIA MIDAS, Dec 2020

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# Drug spending share of healthcare has been converging around 15%, where greater variations existed previously

*Drug Spending % of Healthcare Spending in Real PPP 2020\$, 2000-2018*

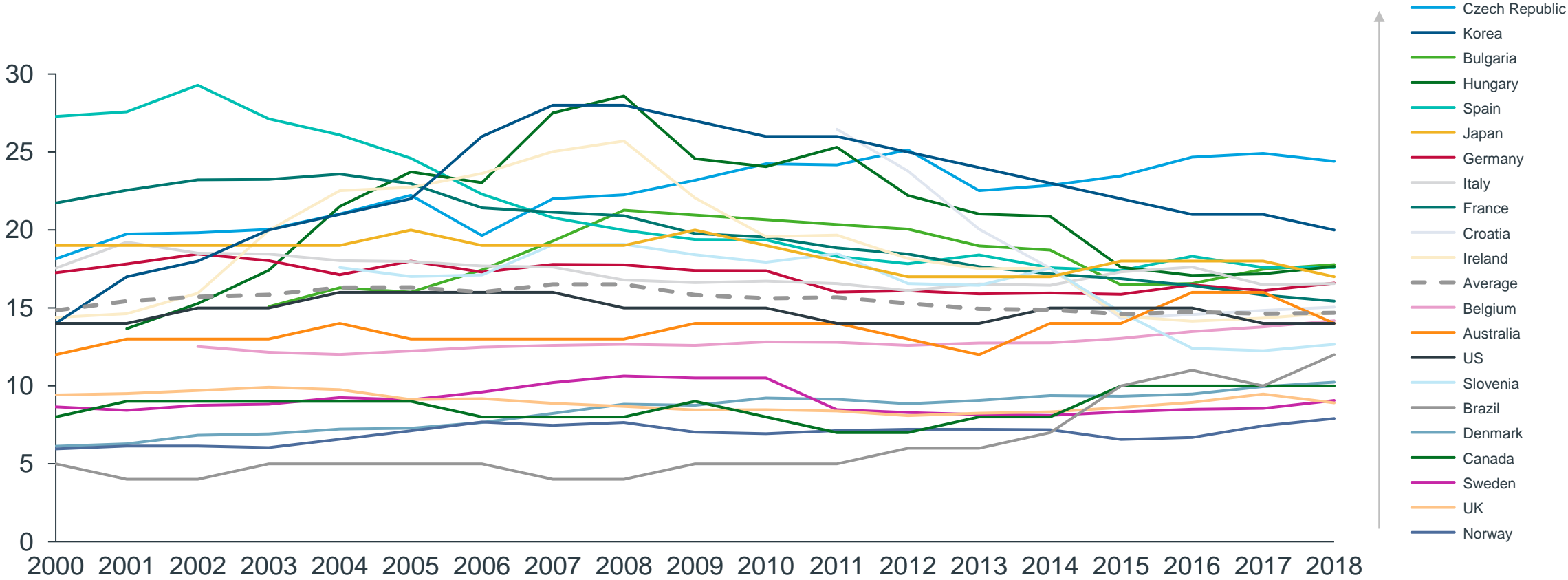
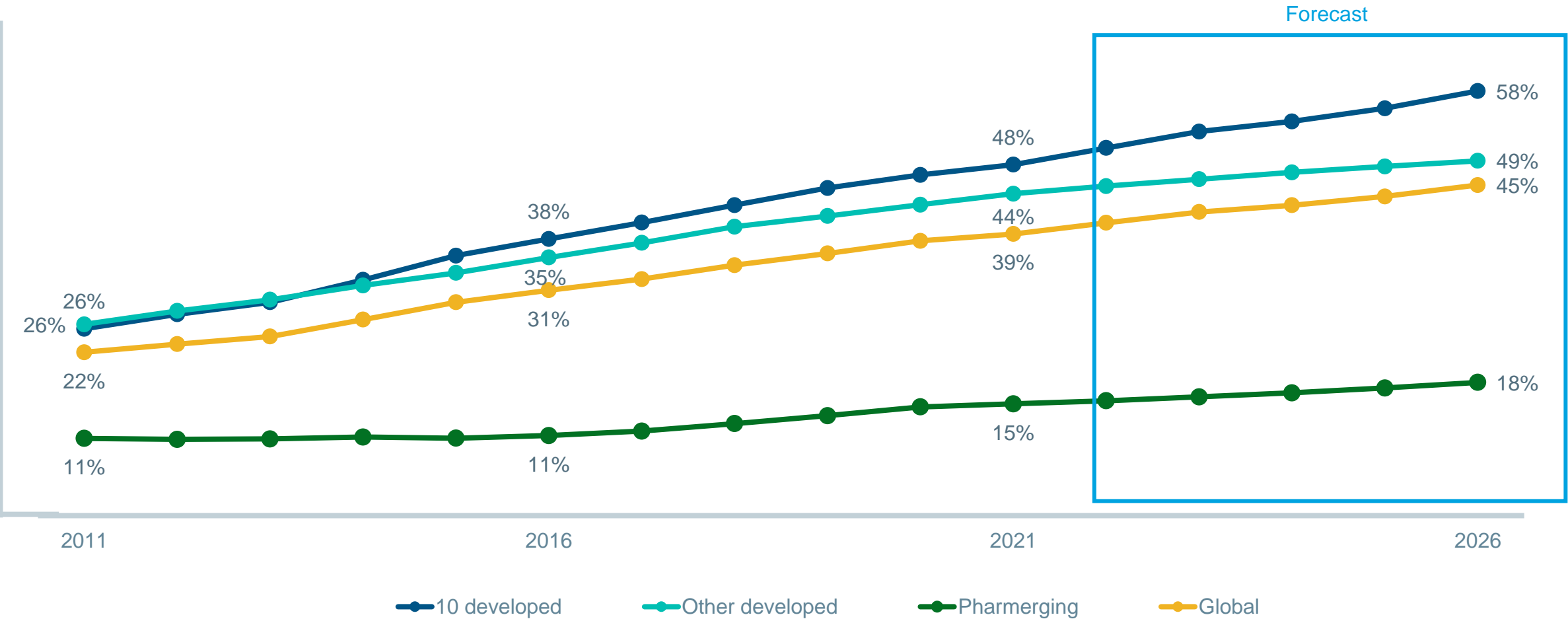


Chart notes: Drug spending includes medicines dispensed in both retail and non-retail sectors. Methods for estimating total drug spending on a net basis are detailed in the methodology appendix. Health spending from WHO database. Both the drug and health spend data were adjusted for population, Purchasing Power Parity (PPP) and GDP growth to represent in 2020 values.

Sources: World Health Organization (WHO), 2018 (extracted on 18 November 2021), WHO SHE 1.0 data (extracted on 18 November 2021); OECD, 2019 (extracted on 18 November 2021)

# Specialty medicines will represent about 45% of global spending in 2026 and almost 60% of total spending in developed markets

*Specialty medicines share of spending*



Source: IQVIA Institute, Nov 2021  
 The Global Use of Medicines 2022: Outlook to 2026. Report by the IQVIA Institute for Human Data Science

# There are significantly different drivers of growth across countries reflecting diverse systems, priorities and market dynamics

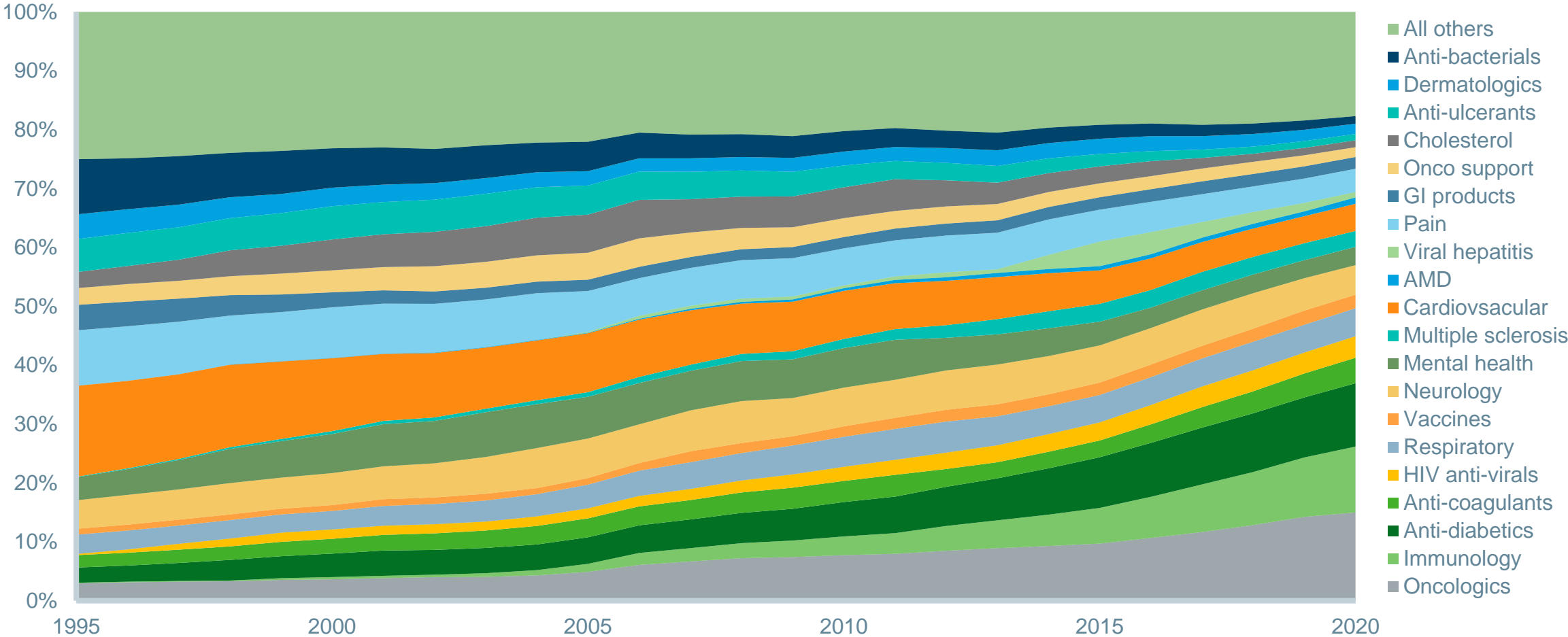
*Drivers of growth by product type in real local currency, 1996-2020*



Source: IQVIA MIDAS; IQVIA Institute, Dec 2020  
 Drug Expenditure Dynamics 1995–2020: Understanding medicine spending in context. Report by the IQVIA Institute for Human Data Science

# Across eleven major markets, spending has shifted between therapy classes based on the continued flow of innovation

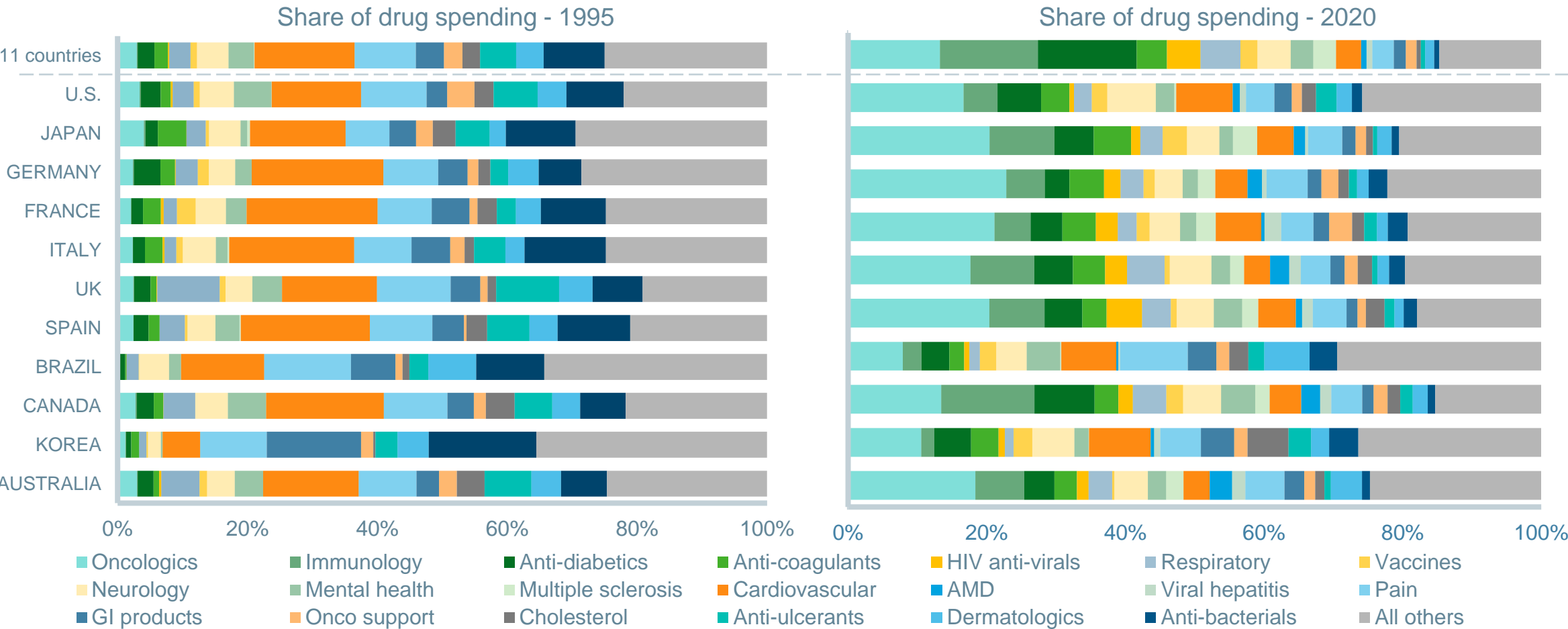
*Eleven country composition of drug real 2020\$ drug spending by drug class, 1995-2020*



Source: IQVIA MIDAS; IQVIA Institute, Dec 2020  
 Drug Expenditure Dynamics 1995–2020: Understanding medicine spending in context. Report by the IQVIA Institute for Human Data Science

# Distribution of spending has shifted to focus on different therapy areas over 25 years with variations across the major countries

Share of real 2020\$ drug spending by drug class 1995 vs. 2020

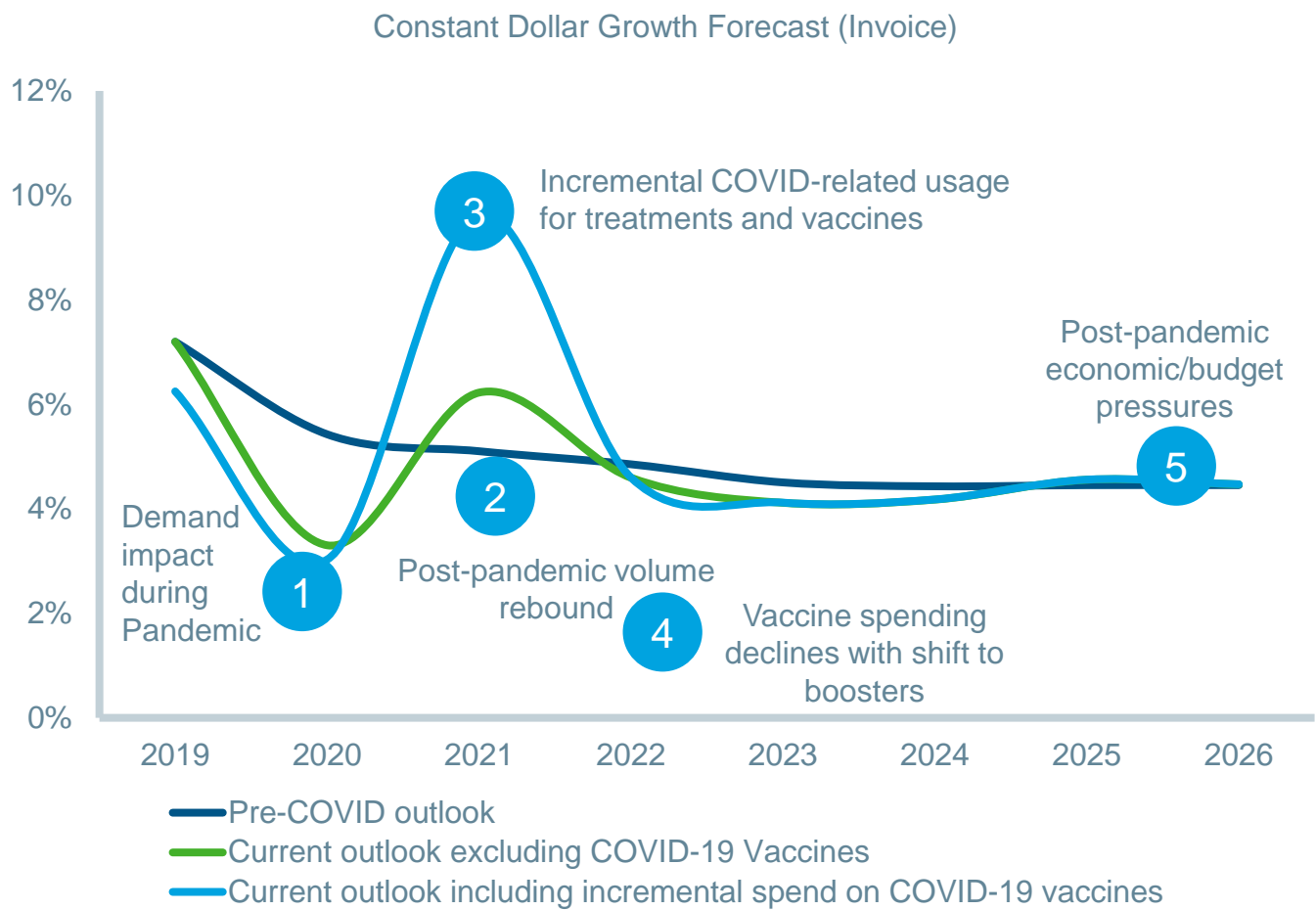


Source: IQVIA MIDAS; IQVIA Institute, Dec 2020  
 Drug Expenditure Dynamics 1995–2020: Understanding medicine spending in context. Report by the IQVIA Institute for Human Data Science



# Global market growth will return to pre-pandemic projections by 2025 despite year-to-year fluctuations

## Comparison of Current Outlook to Pre-COVID Outlook



### Key Events in the Outlook

- 2020: -2.1% (~\$27Bn)
- 2021: +1.1% above pre-Covid-19 growth; +2.9% above 2020 growth excluding vaccine and therapeutics
- 2021: +8% higher growth including vaccines and therapeutics compared to spending without them
- 2022: Significant decline in required spending for COVID-19 vaccines as much of the world is inoculated to some degree
- Expected budget pressures will emerge from longer-term pressures of sustained pandemic

Source: IQVIA Market Prognosis, Sep 2021; IQVIA Institute, Nov 2021

# Day 4: Advancing Health System Sustainability

*Areas for discussion*

## Overcoming Disparities

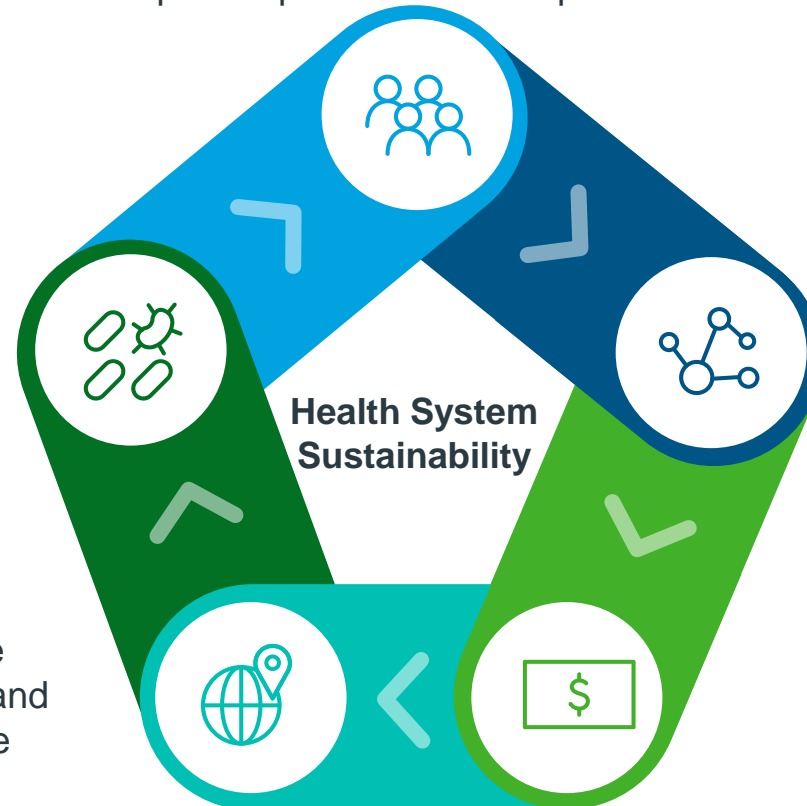
How can the issues of disparities linked to race, ethnicity, gender, age and socio-economic conditions be addressed in a sustainable way that also balances population health needs with individual patient preferences and priorities?

## Contributors of Sustainability

What factors contribute to health system sustainability and how are these changing as demographics, technology and economic shifts converge?

## Defining Sustainability

How should health system sustainability be defined, how does this differ by economic and social system, and what has changed since the onset of the pandemic?



## Role of Life Sciences Companies

What role do life sciences companies play in contributing to or detracting from sustainable healthcare spending?

## Medicine Spending

What might a sustainable spending level for medicines look like and how different would it be to current levels and mix of spending?