Software Price Modeling of Semaglutide

More Information

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What's A Fair Price To Pay For A Medicine?

It's an important question if you're an insurer, employer, or system and you're going to buy a lot of it.

A fair price for a medicine depends on two things:
- The medicine's performance for your patients
- The performance and price of every alternative drug

This poster shows you how to figure out a fair price for your patients for any medication, using semaglutide as an example.

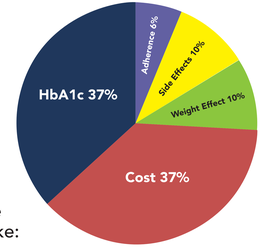
Ask What's Important To Your Patients

When talking about medicines with patients, a few subjects seem to come up again and again:

Cost - Either patient-out-of-pocket cost, system cost, or both
Efficacy - How well this drug controls your patient' HbA1c
Weight effects - Whether patients tend to gain or lose body weight
Side effects - Both good (CV benefit) and bad (hypoglycemia risk)
Adherence - How hard it is to take this medicine on its schedule

How would your patients rank these in order of importance?

It helps to draw a pie chart where the size of each subject's slice represents how important it is for your patients. Here's ours:



The pie chart means you can talk objectively about decisions that involve trade-offs. For example, the pie chart allows you to say things like:

"Cost is almost four times more important to my patients than side effects."

Show Success In Simple Scales

Your high school math, history, and science classes all used the same 0-to-100 scale for tests, even though they were different subjects. It was easy to see where you were doing well and what needed improvement.

Using a simple 0-to-100 scale to rate cost, efficacy, adherence, weight, and side effect outcomes allows you to know which areas are doing well and which are not.

Here's our 0-to-100 scale for HbA1c:

Factor	Factor Score		Weighted Importance		Weighted Score
HbA1c Control	100.00	x	37%	=	37.00
Cost	95.00	x	37%	=	35.15
Weight Effect	55.00	x	10%	=	5.50
Side Effect	60.00	x	10%	=	6.00
Adherance	80.00	x	6%	=	4.80
			Composite Score (Sum of Weighted Scores)	=	88.45

Know Your Population Metrics

Use your population's current optimized metrics as a baseline. Here's ours for 191 anonymized patients:

6.9	$471	72
Avg HbA1c	Patient Cost/Month	Composite Score

Know Your Semaglutide

Here's the data we used to model semaglutide performance:

HbA1c reduction (monotherapy): 1.9% w/HOMA adjustments
Contraindications: Pancreatitis
Side Effect Scoring: +1 beta cell preservation
+1 if patient comorbidities PAD/CAD/CVD
-1 if patient history of lower GI issues
-2 if patient history of upper GI issues
-3 if patient history upper & lower GI issues
BMI effect: strong loss (-5 on -10 to 10 scale w/0=neutral)
Adherence: Once weekly injections

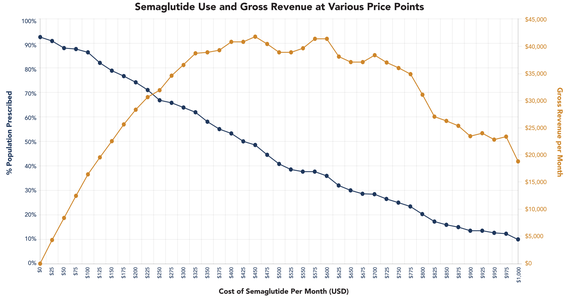
Start At $0 And Work Up To Retail Cost

Determine how often semaglutide would appear in your patients' regimens if it was ***free***. Measure the change to your population's average Hba1c, monthly cost, weight, and side effect profiles.

Next, add $25 to semaglutide's price and repeat those measurements. Keep adding $25 and measuring your entire population until you reach a price of $1000. We wrote computer software to do this.

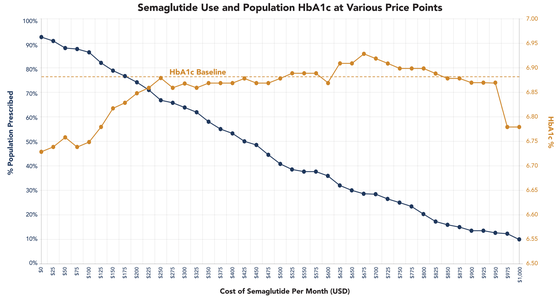
Combine All Those Results

Here's how much semaglutide our population would use at each price point, and the seller's gross revenue:

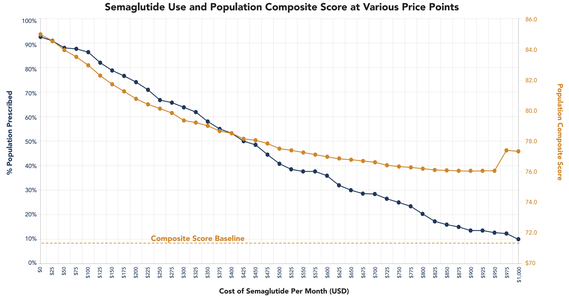


Analysis And Fair-Price Negotiating Strategy

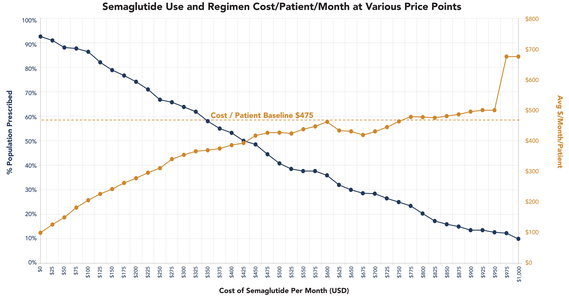
STEP 1: Population HbA1c goals are met at any price point



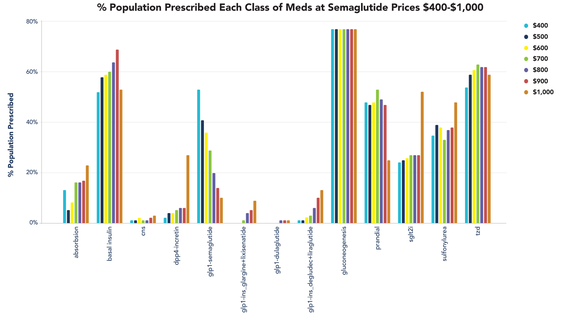
STEP 2: Composite Score improves at any price point



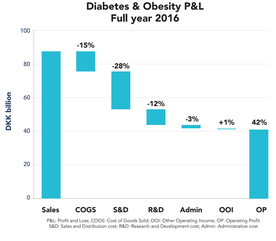
STEP 3: We'd spend less per patient/month for prices to $825

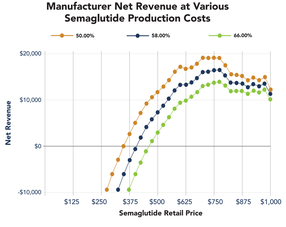


STEP 4: Semaglutide is most-picked GLP1 up to $900/month



STEP 5: Remember the seller tries to maximize net revenue





This should happen at prices $700 - $775 / month based on semaglutide's production costs

What's a fair price for Semaglutide?

Prices up to $825/month are cost-effective for this population:

HbA1c better or unchanged

Cost patient/month lower or unchanged

Composite Score increase ~6% (mainly weight loss and CV benefit)

A good negotiation strategy for our system:

Expect to pay **$700 to $775**/patient/month

Pick formulary w/ lowest semaglutide price - other GLP1s don't matter at current prices

If negotiable, **ask for semaglutide discount** and give up discounts on all other GLP1s