Following the UK government’s announcement (Thursday 24 January) that the National Institute for Health and Clinical Excellence (NICE) and NHS England will trial a value-based pricing model for antibiotics to help stimulate R&D and address growing antimicrobial resistance (AMR) concerns,

Christopher J. Pace, Director of Infectious Diseases at GlobalData, a leading data and analytics company, offers his view on this new procurement model:

‘‘The UK government’s decision to explore value-based pricing for antibiotics represents an important step away from the traditional approach of directly linking payments to sales volume—a pricing strategy that does not work well for antibiotics as it conflicts with stewardship efforts and ultimately discourages the proper use of both new and well-established antibiotics.

“From the commercial standpoint, a value-based pricing scheme could also help to stimulate antibiotic R&D as companies will be incentivized to position products for smaller groups of patients where high unmet medical need exists, without worrying about stymieing return on investment (ROI).

“The rising prevalence of AMR represents a global public health crisis of monumental proportions. Governments and other public health stakeholders must acknowledge that in order to successfully combat AMR, stewardship efforts must be paired with a renewed push to discover and develop new antibiotics. Procurement models that move away from volume-based payment is an approach worth exploring, because unlike many other drugs, antibiotics arguably lose value the more they are used, pitting drug developers and public stakeholders against one another.

“Alternative approaches to antibiotic procurement have received increasing attention over the past year, with the US FDA Commissioner Scott Gottlieb proposing a licensing-based reimbursement model for novel antibiotics. Under this proposal, institutions would purchase a license to have access to a predetermined number of doses of a novel antibiotic, rather than paying each time it is used.

“While slightly different from the UK government’s value-based proposal, both of these ideas illustrate the growing sentiment that changes must be made to current procurement strategies in order to better align them with AMR concerns, while also helping to address R&D hurdles. The UK government’s proposal is a bold step in the right direction and merits close attention as it’s implemented in the coming year.”