

Biogen and the social contract



[Madeleine Armstrong](#)



The pricing of Aduhelm has been compared to that of Sovaldi, but this ignores the fact that Sovaldi actually worked.

Even more surprising than yesterday's approval of Biogen's Alzheimer's drug Aduhelm was its cost. The company has set the drug's list price at \$56,000 annually, well above the \$10,000 many analysts had been expecting.

The cost has been compared with that of Gilead's hep C drug Sovaldi, famously priced at \$84,000. But really there is no comparison: Sovaldi was a cure, while Aduhelm's benefits are debatable. There is a real risk that governments could crash their healthcare systems for a drug that has little impact on Alzheimer's.

There is also a risk that Biogen's move could bring drug pricing reform back onto the political agenda, Stifel analysts warned – something that might hurt the entire industry.

Speciality, not primary care

Biogen defended its strategy during a conference call today, with Chirfi Guindo, the group's head of global product strategy and commercialisation, describing Aduhelm's price as "responsible" and "sustainable for the system".

At the heart of the calculation is Biogen's belief that Aduhelm is not a primary care drug, but instead a speciality product. Mr Guindo said Aduhelm would come in at around a third of the cost of cancer immunotherapies, and 25% lower than the price of psoriasis biologicals.

Given [Aduhelm's broad label](#) and the huge number of Alzheimer's patients in the US – around six million – this price could still cripple healthcare systems if the drug is widely used.

However, this does not appear to be Biogen's intention. Execs today said they would focus on the population studied in the group's clinical trials; namely, early-stage patients with beta-amyloid pathology.

This population could still number one to two million, though Biogen's chief financial officer, Michael McDonnell, noted that not all of these would be able to get Aduhelm given, among other things, limited capacity of specialists.

\$50bn per year?

Even the lower end of this range, though, this amounts to potential sales of over \$50bn per year, [the US](#)

[pricing watchdog Icer estimated.](#)

Bernstein's Ronny Gal, calling Aduhelm "the next Sovaldi" in terms of its potential to trigger pricing policy changes, had a more conservative - yet still eyebrow-raising - prediction. On the basis that half the 500,000 newly diagnosed Alzheimer's patients each year could receive Aduhelm, he put the impact on the US government at over \$14bn per year. This is a proxy for sales given that Aduhelm will largely be funded by Medicare.

To put this into context, that would be more than the amount currently spent by Medicare on Keytruda, Eylea, Opdivo, Rituxan and Prolia combined. Stifel analysts have already upgraded their peak sales forecast to \$9-10bn in 2030.

Either way, Aduhelm is going to be a huge money-spinner for Biogen. *Evaluate Pharma* sellside consensus, which comes from preapproval numbers and therefore represents a bear-case scenario, has Biogen making sales of \$3bn by 2030, giving its share of Aduhelm a net present value of \$3.4bn.

The true figure is going to be orders of magnitude higher than this.

Confirmatory trial

Perhaps Biogen is hoping to maximise its payday while it can, given that the FDA has requested a confirmatory trial of the beta-amyloid targeting antibody as a condition of its accelerated approval ([Biogen makes history with Alzheimer's approval, June 7, 2021](#)).

Remarkably, that study will not read out until nine years from now, according to [the FDA's approval letter](#). And, even then, whether the agency would actually pull a drug that a confirmatory trial has shown not to work is an open question.

Biogen's claims of responsible pricing might not wash, even as the group said it would pursue value-based contracts with payers. Biogen also made much of the fact it has "voluntarily committed" not to raise Aduhelm's price for four years, which seems like scant consolation to those worried about the impact to healthcare budgets.

However, execs today brushed off any concerns about a potential backlash against the industry on pricing. On this point, Mr Guindo cited the \$600bn per year impact of Alzheimer's on the US budget. "The real question is what would happen if you had a treatment that had a meaningful impact on that total cost. That's how we'd like to frame the conversation."

Given doubts about Aduhelm's efficacy, that question might end up going unanswered even once the drug is established in the market.

This article has been updated to clarify remarks from Bernstein's Ronny Gal.

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