

## With exec reboot, Novo concedes diabetes is a new game



[Jonathan Gardner](#)

In announcing an executive reshuffle last week, Novo Nordisk quietly acknowledged that its US diabetes strategy has very little to do with attracting patients and physicians any more, and everything to do with persuading payers that its glucose-lowering offerings are worth the money.

There is a good reason for that: insurers are pointing to the modest clinical benefit of Novo's new long-acting insulin Tresiba over Sanofi's Lantus and challenging the premium charged by the Danish group. Novo has only two ways to respond to the pushback: drop its price or demonstrate more clearly the value of Tresiba. The strategy appears to be to try both.

### Exclusive contracts

The biggest news was the earlier-than-expected departure of long-serving chief executive Lars Rebien Sørensen, who will be replaced by corporate development chief Lars Fruergaard Jørgensen, announced as effective January 1, 2017. However the installation of a new North American operations director at the same time was a sign of how the US market has been reshaped.

Competition among long-acting or basal insulins - Tresiba, Lantus and Eli Lilly's Lantus lookalike Basaglar, due to be launched in December - has given payers the luxury of forcing Novo to accept a lower price or face formulary exclusions.

This has forced a strategy shift when it comes to expanding sales - no longer is it about broad marketing, but rather market access, as the most important buyers now are pharmacy benefit managers like Express Scripts and CVS, and insurers like UnitedHealth Group.

"When you look at the nature of the contracts, the short-acting insulin contracts have been exclusive, with little competition in the marketplace and in the doctor's office," Mr Sørensen told investors in a conference call on the executive shuffle, in response to a question about the size of Novo's US sales force. "This is now occurring in some instances in the basal market."

"All things being equal, we would need [a smaller] sales force," he added, although upcoming launches will require current numbers to be maintained.

### Watch for the data

And payers have the ammunition to fight back against the higher price. Tresiba's chief advantage over Lantus for patients has been fewer instances of hypoglycaemia, and even then it has struggled to show a statistically significant benefit.

What is more, from the payer perspective the benefit is even more limited, as [outlined](#) by the cost-effectiveness group Institute for Clinical and Economic Review (ICER). Incidents of severe hyperglycaemia, the only ones assumed to generate additional healthcare costs, were not significantly lower with Tresiba than with Lantus.

Because of Tresiba's higher price - \$5,486 a year to Lantus's \$4,686, according to ICER - Tresiba's incremental cost per quality adjusted life year (QALY) for patients taking it once daily is \$353,020. For patients supplementing with short-acting insulins at mealtime, the per-QALY cost was lower, \$166,644. The benefit was embedded in prevention of daytime or nocturnal hypoglycaemia, which in the basal population was estimated to yield two weeks' quality adjusted life expectancy and three months in patients taking short and long-acting insulins.

Thus the Novo leadership is interested in pursuing outcomes-based contracts as Novartis, Sanofi and Amgen have done for new heart disease drugs. "We believe this will play into the hands of Novo Nordisk because we have the most efficacious and best quality diabetes care for the US market," Mr Sørensen said - something Sanofi and Lilly undoubtedly believe of their offerings, too.

Given that Express Scripts just last week announced an [initiative](#) to improve diabetes outcomes through better medication adherence, among other goals, Novo could have at least one willing partner. Of course, Express Scripts' highest priority is "delivering guaranteed spending caps" for its payer customers, so there will still be an emphasis on cost-control.

As Mr Sørensen acknowledges, "Occasionally we'll have to look deeper in terms of rebates."

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