Outlook for medicine use and spending through 2027: Impact on the pharmacy sector

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Introduction

- The COVID-19 pandemic had significant impacts globally on healthcare systems, patients and pharmacies and as we move beyond the pandemic, it continues to shape the demand for, and use of, medicines globally.
- Drug budgets are constrained, a large backlog of patients seek access to health delivery resources that are suffering from worker burnout and reduced capacity, and ongoing direct and indirect impacts of the pandemic result in increased demand for treatment including those suffering from long-COVID and related mental health issues.
- Policymakers across developed and emerging economies are shifting from crisis to rebuilding modes with a focus on longer-term issues of sustainability.
- Pharmacists - with the vital role they play in dispensing and administering medicines - are critical partners with other stakeholders in managing the complex tradeoffs within healthcare by applying evidence-based decision-making and understanding the outlook for medicine use and spending.

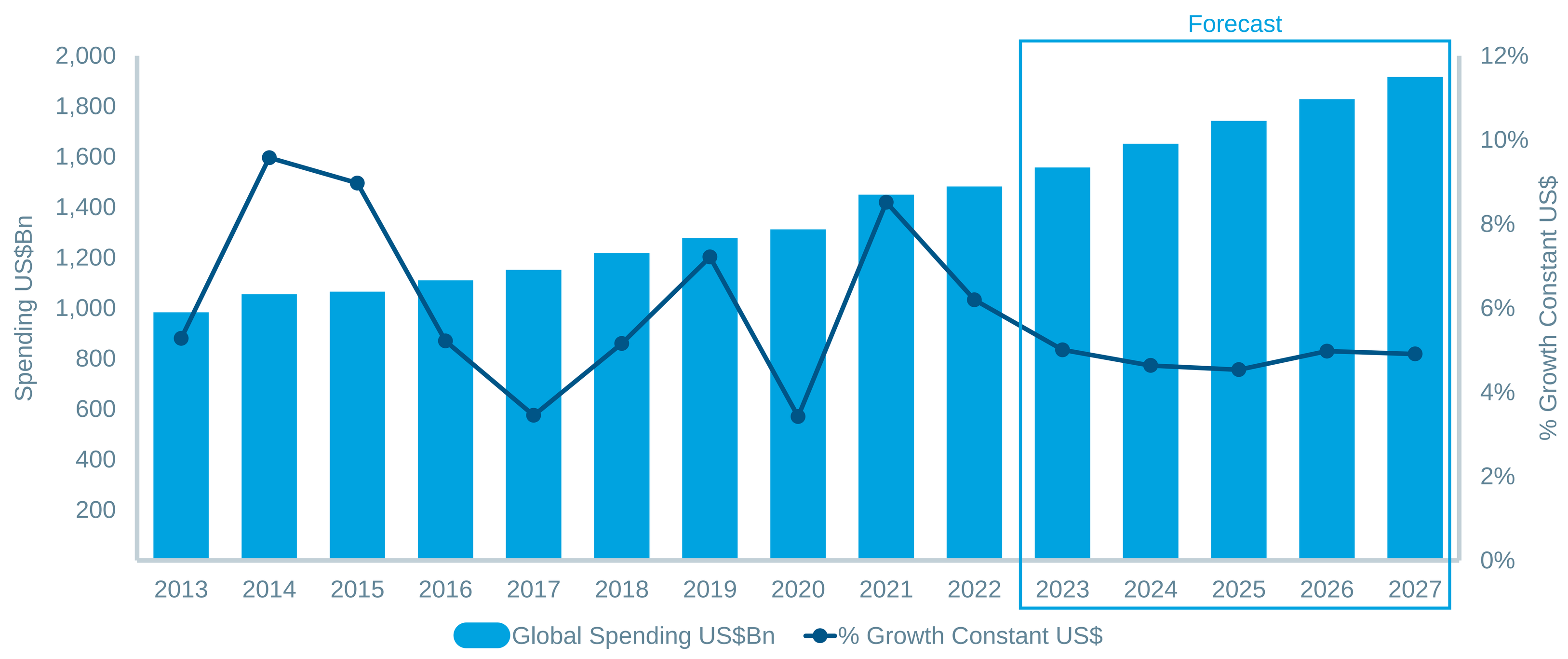
Methods

- Historic medicine sales and volume were analyzed from IQVIA MIDAS, a global database tracking pharmaceutical products in retail and non-retail channels across 93 countries and 12 years of history.
- Forecasted medicine sales and volume were analyzed from IQVIA Market Prognosis forecasts across 220 countries, which incorporate impacts of key market events, including country-level insights into a range of political and economic developments impacting pharmaceuticals.
- To adjust for differences in volume measures across medicine forms, historic medicine volumes were converted into defined daily doses (DDDs) based on World Health Organization (WHO) methodology. The DDD measure represents a standard day of therapy for a maintenance dose of a chronic therapy. We utilized WHO derived DDDs and Institute developed DDD factors to convert more than 75% of audited medicine volume into DDDs. Where factors are not available, DDDs have been estimated based on the standard unit to DDD ratio per product type and therapy area in each country.
- New medicine approvals and launches - including specialty medicines which require special handling, administration, and patient care - were researched, including their characteristics and clinical development and approval pathways.

Results

The global medicine market — using invoice price levels — is expected to grow at 3–6% CAGR through 2027 to about $1.9Tn

Figure 1: Global medicine market size and growth, 2013–2027

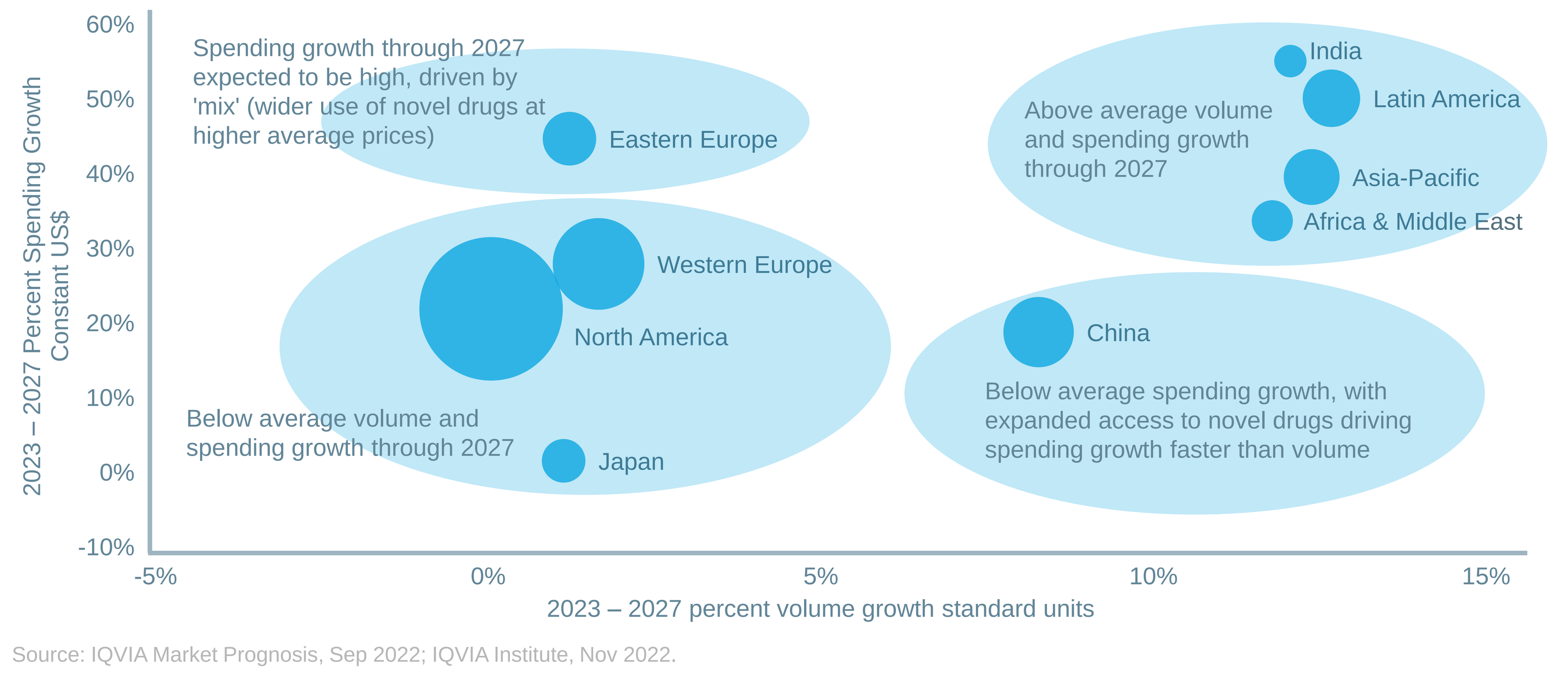


Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

- Global medicine spending at invoice levels is expected to reach $1.9Tn by 2027, with growth slowing to an average 3–6% per year following disruptions from the pandemic 2020 through 2022.
- Key drivers of growth through the forecast period include the contribution of new medicines, the impact of patent expiries, and the growing impact of biosimilars.

Spending and volume growth follow diverging trends by region

Figure 2: Spending and volume growth by region



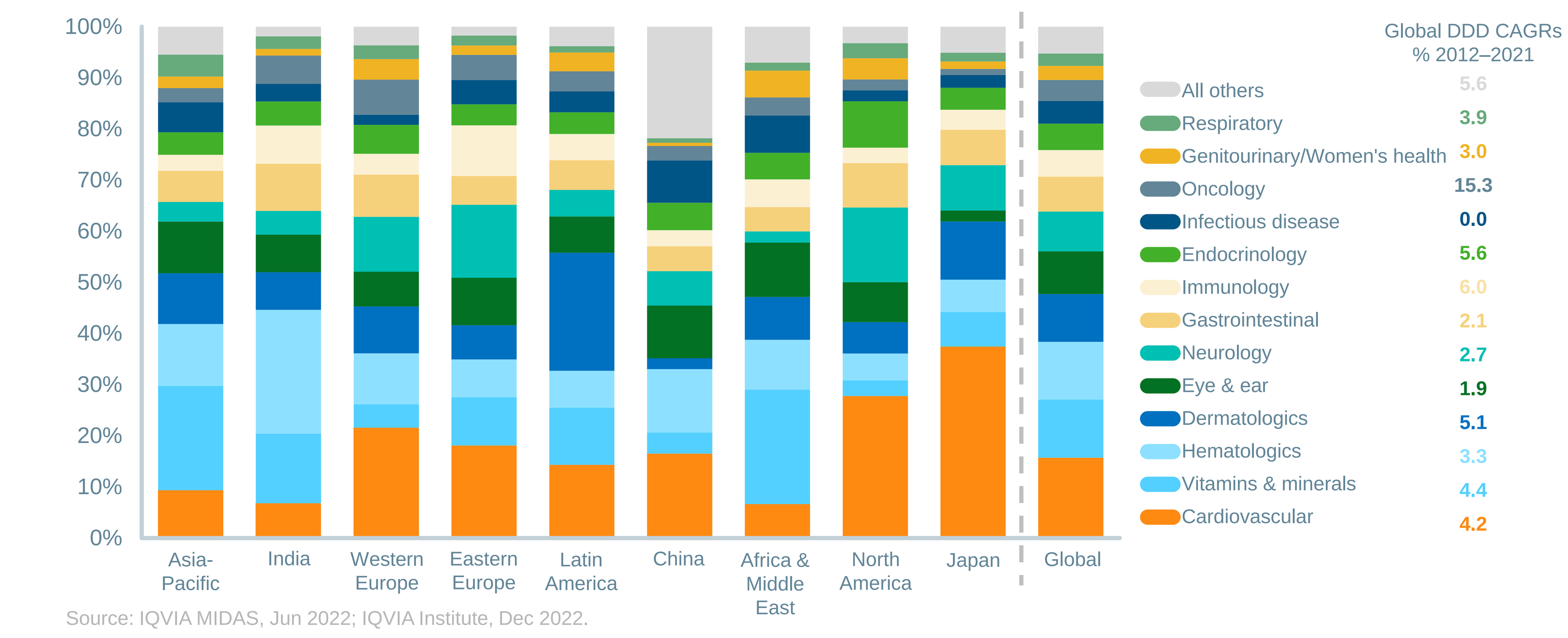
Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

- Latin America, Asia-Pacific, and Africa and the Middle East are expected to grow more than 10% by volume and over 30% by value through 2027, driven by population growth and a shift toward more expensive products.
- While North America, Western Europe, and Japan are expected to show flat to low overall volume growth, while spending will increase more than 20% in North America and Western Europe but remain flat in Japan as price controls continue to evolve.

Results (cont.)

The distribution of medicine usage across therapy areas varies by region

Figure 3: Share of Defined Daily Doses (DDD) by therapy area in 9 regions and globally, 2021

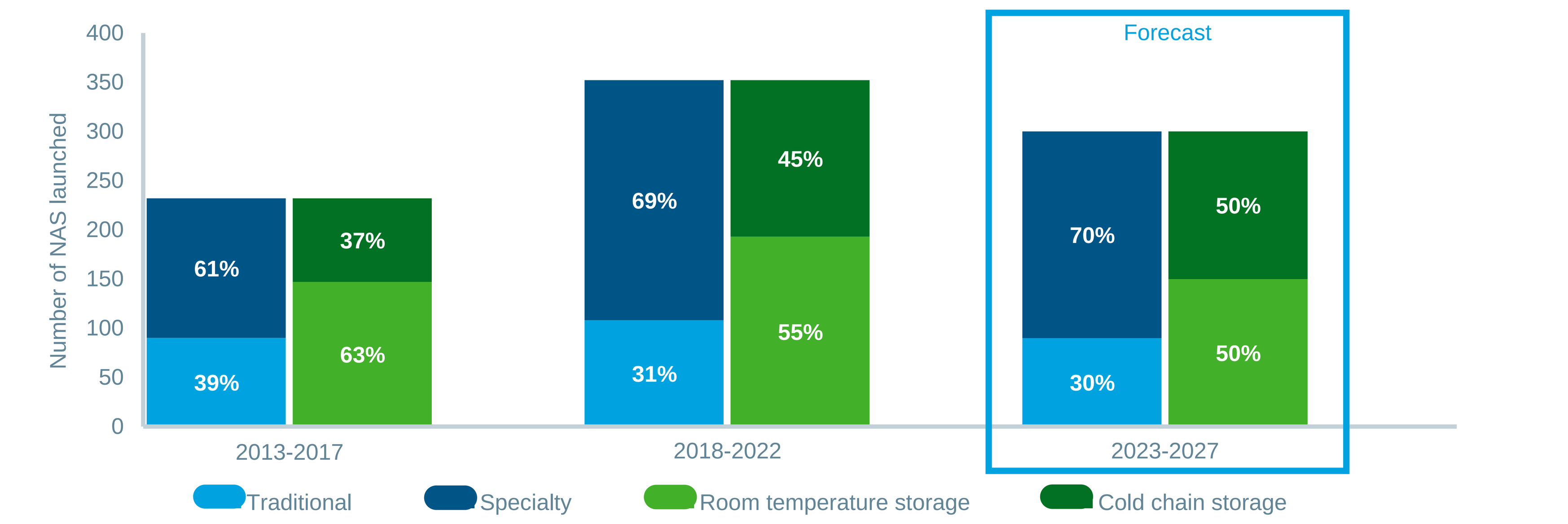


Source: IQVIA MIDAS, Jun 2022; IQVIA Institute, Dec 2022.

- Regions with higher average GDP such as North America, Western Europe, and Japan have notably higher use of cardiovascular, diabetes, respiratory, and neurology treatments.
- Regions with lower average GDP have higher use in other therapy areas, such as vitamins and minerals in Asia-Pacific and Africa & Middle East and 23% of medicine volume in Latin America attributed to dermatologics.

About half of new medicines launched in the next five years will require cold storage, up from 37% from 2013 to 2017

Figure 4: Global launches of novel active substances (NAS) by product attributes, 2013–2027

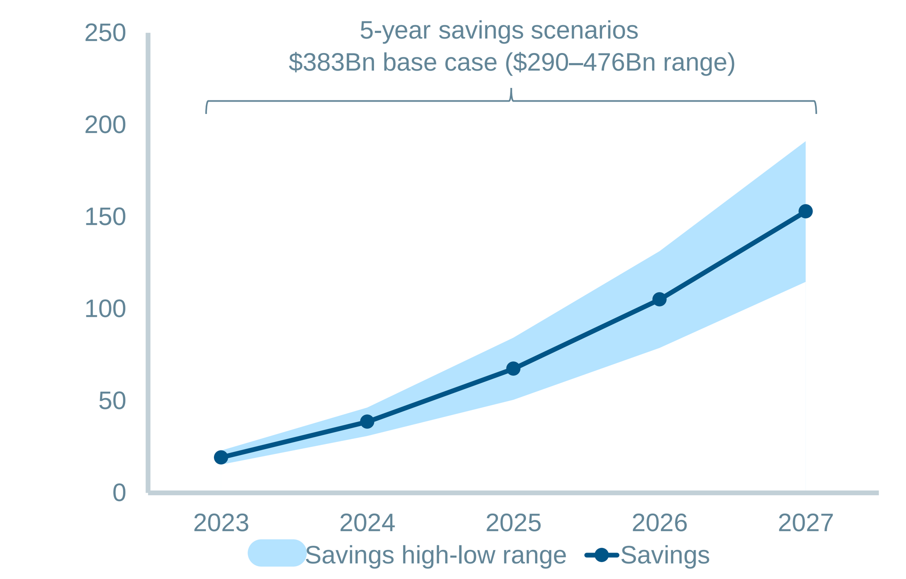


Source: IQVIA Institute, Jun 2023.

- 70% of new medicines over the next five years are expected to be complex specialty therapies requiring special handling, administration, and patient care increasing from 61% of launches 2013–2017.
- An increasing number of new medicines require cold chain storage, with half of launches over the next five years (~150) expected to require cold storage, up from 37% (85) 2013–2017 and 45% (159) 2018–2022.

Growing biosimilar use will lead to increased savings with a rising contribution from biologics handled by retail pharmacies

Figure 5: Global savings from biosimilars 2023-2027



Source: IQVIA Market Prognosis, Sep 2022; IQVIA Institute, Nov 2022.

- Incremental savings from biosimilars are expected to be a cumulative $383Bn globally from 2023 to 2027 with annual savings exceeding $100Bn in 2026 and 2027.
- Savings will be driven by new biosimilars launching in the next five years, particularly self-administered biologics such as the immunology therapy adalimumab, currently the world's leading medicine by spending.

Discussion

- Pharmacists face an expanded and more critical role in healthcare systems as medicines and pharmacology become a larger part of effective healthcare delivery over the next five years and beyond.
- They will also play an important role in helping bring greater value from medicines in the context of constrained healthcare budgets.
- As the most frequent point of interaction between patients and the health system, pharmacists will also be central to the expanded use of medicines, particularly in low-resource settings facing high levels of increased access.
- Pharmacies must be prepared to handle, store, and dispense new medicines, a growing number of which are complex specialty therapies requiring special handling including cold chain storage, administration, and patient care.
- Use of biosimilars will continue to grow across major developed markets, with significant contribution from self-administered biologics handled by community or specialty pharmacies.

Reference: IQVIA Institute for Human Data Science. Global use of medicines 2023: outlook to 2027. 2023 Jan. Available from: https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicines-2023

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