

Brand-brand competition is unlikely to reduce list prices of medicines

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Greater brand-brand competition alone will likely not lower list prices of brand-name drugs in the US. Credit: qimono, Pixabay

Greater brand-brand competition alone will likely not lower list prices of brand-name drugs in the US, according to a study published July 30 in the open-access journal *PLOS Medicine* by Ameet Sarpatwari of Brigham and Women's Hospital and Harvard Medical School, and colleagues.

US prescription drug spending has increased sharply over the last decade, with higher launch prices of new brand-name drugs and routine [price increases](#) on older brand-name drugs. Promoting greater brand-brand competition, which occurs between brand-name drugs indicated for the same condition, has been proposed to address high drug prices. Yet many examples exist of price increases following the introduction of brand-name competition, casting doubt on its effectiveness in the [pharmaceutical market](#). To better understand the economic impact of brand-brand competition, Sarpatwari and colleagues systematically reviewed the peer-reviewed literature for studies of how new drug market entry affects prices of drugs within the same class for patients with the same indications. They searched PubMed and EconLit for original

studies on brand-brand competition in the US market published in English between 1990 and April 2019, and found 10 studies evaluating a wide range of drug classes.

None of the 10 studies found that brand-brand competition lowered the list price of existing [brand-name drugs](#) within a class. The findings of two studies suggested that such competition may help restrain how new drug prices are set, however. Other studies found evidence that brand-brand competition was mediated by the relative quality of competing drugs and the extent to which they are marketed, with safer or more effective new drugs and greater marketing associated with higher intra-class list prices. According to the authors, the findings suggest that policies to promote brand-brand competition in the US pharmaceutical market, such as accelerating approval of non-first-in-class drugs, will probably not result in lower [drug list prices](#) in the absence of additional structural reforms.

More information: Sarpatwari A, DiBello J, Zakarian M, Najafzadeh M, Kesselheim AS (2019) Competition and price among brand-name drugs in the same class: A systematic review of the evidence. *PLoS Med* 16(7): e1002872. doi.org/10.1371/journal.pmed.1002872

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