

Global pharma loses \$564 bn due to non-adherence

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Singapore: Capgemini Consulting, the global strategy and transformation consulting arm of the Capgemini Group, and HealthPrize Technologies published their joint study, titled 'Estimated annual pharmaceutical revenue loss due to medication non-adherence'. The report provided key insights and analysis on the significant revenue loss to global pharmaceutical companies as a result of medication non-adherence.

Based on detailed review and analysis of modern claims-based adherence literature and data, the estimate of revenue lost by the US pharmaceutical industry each year due to non-adherence to medications for chronic disease is \$188 billion. Extrapolated to the global pharmaceutical industry, revenue losses are estimated to be \$564 billion. This number is significantly higher than the \$30 billion global revenue loss often quoted to date from a 2004 study and higher than many pharmaceutical executive estimates.

This revenue loss represents 59 percent of all pharmaceutical revenues, which were \$320 billion in the US and \$956 billion globally in 2011 according to IMS, and 37 percent of potential total annual revenues, which would be \$508 billion in the US and \$1,520 billion globally. While achieving 100 percent medication adherence is likely not possible, even a modest 10 percentage point increase in adherence could lead to a significant rise in pharmaceutical revenues, accompanied by improved health outcomes and decreased healthcare spending.

"The revenue that pharma leaves on the table due to lack of adherence to prescription medications is much higher than usually thought," explained Dr Thomas Forissier, principal at Capgemini Consulting. "In addition, many people don't realize that a 10 percent boost in adherence could increase revenue by much more than 10 percent. That 10 percent loss is based on the higher revenue amount that could have materialized, not on actual revenue earned."

"Medication non-adherence is one of the most serious problems in healthcare, posing a heavy financial impact on all constituencies," commented Dr Katrina Firlik, co-founder and chief medical officer, HealthPrize. "For insurers, employers, and patients, non-adherence significantly increases healthcare costs as a result of disease-related complications. Given the significant potential to enhance revenue and lower cost to the overall healthcare system, programs to address medication

adherence should be a top priority to the pharmaceutical industry."