Stephen Swintek for Getty

VALUE-ABLE

Pharma companies have long struggled to pen compelling value stories for their products. Could they learn a thing or two from the case Keryx Pharmaceuticals built for its renal drug Auryxia? **James Chase** reports

In November 2012 a New York Rangers superfan named Molly Heines successfully bid $66,000 at charity auction for a game-worn mask belonging to goaltender Henrik Lundqvist. How could a used mask possibly be worth that much money? The explanation, of course, is the same one the scribe Publilius Syrus offered to the world more than 2,000 years ago: because that's how much Heines was willing to pay for it.

In the pharma industry, the concept of value can be even more perplexing. For starters, it can mean something entirely different to each stakeholder, depending on the disease state and the market. What's more, it is measured using a bewildering mix of units—dollars, mortality, dosing, side effects, convenience and market share, to name but a few.

Nevertheless, as the healthcare landscape continues to change, the need for pharma to add, demonstrate and communicate value has never been greater. And this is where it gets a little challenging. This is an industry built on constants, not variables, one where tangibles eliminate surprises and where every action is quantifiable. But if developing and selling medicines is an exact science, the concept of value is anything but.

"For pharma and biotech companies today, value is no longer an equation but a multidimensional appeal to a range of stakeholders, who are more discerning than ever," says Rita Glaze, EVP, director, US market access at Edelman. "The opportunity to look at value through a shared lens is exciting, but the challenge is daunting. The industry is grappling with finding a shared definition of value across stakeholders while delivering to investors and planning for investments in future innovation cycles."

For his part, Greg Madison, president and CEO at Keryx Biopharmaceuticals, feels the landscape has changed significantly. "For years innovation was defined by big pharma as brand extensions and maybe subtle differences as a way to manage life cycles," he explains. "Clearly, these days you can't get away with a me-too approach and expect to get the reimbursement that perhaps 10 years ago you could. Proving your value, in addition to the fact that [a drug] works and that it's safe, is critical."

Although it might be a little harsh to label Madison as one of the aforementioned "grapplers," he has certainly had his hands full since he took the reins of the Boston-based biotech in February—just weeks after its debut product Auryxia hit the market. "We didn't have time to do premarket development," he says with half a smile. "We didn't even get the name Auryxia until November. Then we launched two months later."

The fun, almost cartoonish scene he paints of Auryxia's on-the-fly scramble to market belies a truer picture—one of the smart, strategic course Madison is plotting to drive and demonstrate the value of this breakthrough pill across key constituents.

Approved in September 2014, Auryxia (ferric citrate) is a phosphate binder for dialysis patients with chronic kidney disease. While there are three or four existing competitors, Auryxia is the first and only absorbable-iron-based phosphate binder. (Dialysis patients are iron-deficient and typically receive intravenous iron or other products at dialysis to help manage their anemia.)

Patients, payers and providers

Many of these drugs come with risks of adverse events. But since Auryxia is absorbable-iron-based, patients require fewer injectables. And this, essentially, is what drives the product's true value across all stakeholders.

"Value, first and foremost, needs to go to the patient," Madison explains. "It doesn't necessarily have to be a mortality benefit, but it's got to bring value to the patient in a significant way that makes his or her life better or more sustainable or durable overall."

Auryxia creates value for the patient by, of course, limiting exposure to potentially harmful injectables. However, Madison points out that it doesn't make sense to communicate this value message directly to the dialysis population.

"It's much more important to go to the dialysis clinics themselves," he says. "The doctor, the dietician, the nurses and the social worker—those are the four to whom you really need to drive the value message. The dietician sees patients maybe three days a week when they are in the dialysis chair, so they're the ones that get to know them."

The value message to the payer is based on robust clinical trials data. In the case of Auryxia, it offered a compelling and persuasive story on two different levels. First, there was the reduction in the use of supplementary medications (such as IV iron and ESAs) during dialysis—not to mention the cost savings associated with this. Second, there was a 24% reduction in hospitalization for patients taking Auryxia.

Amy Sullivan, VP corporate development and public affairs at Keryx, notes that certain payers then took the clinical trial results

and cross-referenced them with their own databanks to project potential savings. "One group calculated they would save about $1,000 per patient per year. Another factored in the hospitalization and found they would save $2,000 to $4,000 per patient per year. It's quite significant," she says.

Sullivan adds that payers have generally been on board with Auryxia's pricing. "We entered at a price point that was, at the time, just a bit higher than the market leader," she says. "And then the market leader took two increases, so we're now priced at a discount. So [payers feel] we've priced it responsibly, which is nice to hear."

Healthcare providers, of course, are the owners and operators of the dialysis centers themselves. From a reimbursement landscape, the dialysis providers operate what is known as a bundle payment system, whereby they receive one payment each time a patient sits in the dialysis chair. That covers the dialysis itself as well as any injectables they administer, like IV iron or ESAs.

"They try to run a profitable business," says Madison. "So from their perspective, we have a drug now that [reduces the need for the injectables]. It's a financial advantage for the dialysis providers as well … We've got a unique product here that aligns really nicely on the clinical side and really drives value across all the different stakeholders in this marketplace."

Madison says the payers really represent the keys to the success of Auryxia. His objective by the end of the third quarter is to accumulate enough formulary wins to provide unrestricted access to 80% of the dialysis population.

To be continued

But the story doesn't end there. A Phase-III program is about to get under way for a new indication for Auryxia. Currently 70% enrolled, the trial will focus this time on iron-deficiency anemia (IDA) in the pre-dialysis population. "It's another unmet medical need," Madison explains. "There are about 1.5 million patients with IDA and, really, the vast majority of those are not being treated today. The oral irons are not well tolerated and they don't work really well, and the only other option is the injectable iron that we already know has the potential for side effects and other challenges for the patient."

If the trial is successful, the new indication could spawn another significant value story for Keryx. "The first year of dialysis produces the highest rates for morbidity, mortality and cost," Madison continues. "When patients first show up for dialysis, they have low hemoglobin, low iron, high phosphorus levels and so on. They're in bad shape. Everything tries to get fixed at once."

However, Madison believes Auryxia could provide a treatment option for patients in pre-dialysis to manage their iron stores and anemia. When they get to dialysis, then, they should be in a better physical state and might not need an injectable.

"It intuitively makes sense to fix all those things before they get there," he says. "We just have to up the proof of that with data. But if that turns out to be the case, then you're driving incredible value across patients themselves, providers and insurance companies."

Sullivan feels that there are lots of advantages to Keryx being a small company, particularly in development. "Small companies do things so much quicker and more efficiently than the big companies," she notes. However, she has found the opposite experience to be true when negotiating with payers. "What we realized as a small, one-product company is that you don't have a lot of leverage in terms of timing. Bigger companies definitely have greater leverage in terms of importance on [the payer's] timetable. It's a double-edged sword."

Madison agrees. "I'd rather be small. Every time stuff comes up, you can react, move quickly and go. But you just don't have the leverage behind negotiations, the ability to force timing. That's the harsh reality. You can't just go, 'Hey, we're Pfizer, we have all this other stuff. We demand your attention right now.'"

Another interesting piece in the value puzzle is the trend for companies to promote themselves as experts and leaders in their respective categories instead of marketing only their products. Keryx is fully on board with this approach and has already sponsored a number of community events.

"At this point, there really isn't a leader in the renal states because the big players like Amgen and Genzyme have backed away a little bit," says Sullivan. "But our company really is focused on—and devoted to—bringing innovation to renal patients. We think it's been an underserved patient population for a number of years. So at the same time we are building the Auryxia brand, we're trying to do things with the corporate brand as well." ■

THE VALUE-ADDED MESSAGE

It's one thing for a small specialty company to demonstrate value with a single breakthrough product. It's quite another for a established pharma giant to attempt to do the same with an entire stable of products. Enter AstraZeneca and its respiratory portfolio.

AZ has been in the respiratory game for four decades, but a spate of acquisitions in the past couple of years has underlined its intent to become the category leader. "We are dedicated to eliminating the burden of respiratory disease for current and future patients," says Michael Austwick, executive director, US Respiratory Franchise at AZ. "Our strategy is to become an industry leader in innovative inhaled and targeted therapies for asthma, chronic obstructive pulmonary disease and idiopathic pulmonary fibrosis by offering a diverse portfolio of respiratory products to meet the needs of patients across all phases of disease severity."

The value message of the portfolio combines AZ's deep expertise in respiratory with the diversity of solutions available to patients. It also emphasizes the company's innovative technologies and products, both those currently available and those under development.

Adding to mainstay stablemates Symbicort and Pulmicort, AZ recently acquired the rights to Actavis's branded respiratory business in the US and Canada. In the wake of the deal, AZ now controls the development and commercialization of Tudorza Pressair and Daliresp. The company is also developing a line of inhalation therapies based on the Pearl products for COPD and asthma.

Meanwhile, two lead investigational biologic agents from AZ's MedImmune global biologics research and development arm—benralizumab and tralokinumab—have shown in clinical trials to improve key measures of asthma control for patients with specific severe forms of asthma. Benralizumab also is in early Phase-III development for COPD.

"Simply put, we believe our expanded product and device offering will enable us to bring better treatment options to patients," says Austwick.

The competitive respiratory market may soon see a number of new products, new classes and potential generic entries. Austwick notes that a key differentiating feature of these products is the device and that AstraZeneca has two device options for patients: a pressurized metered dose inhaler (Pearl) and a dry powder device (acquired in the Actavis deal).