

Novartis CEO Calls for a New Direction on Drug Pricing in Europe

(Source: An article by Kevin Grogan for Scrip)

The debate over pharmaceutical pricing in Europe intensified following comments from Novartis CEO Vas Narasimhan, who called for a “complete rethink” of European reimbursement and pricing systems amid growing global pressure tied to the United States’ Most Favored Nation (MFN) pricing policies. Speaking during Novartis’s first-quarter earnings discussion, Narasimhan warned that European governments risk undermining pharmaceutical innovation and future investment if they continue to prioritize aggressive cost-containment measures without adequately rewarding innovation. His comments reflect mounting concern across the biopharmaceutical industry that lower European drug prices—combined with increasingly complex reimbursement frameworks—could directly influence global pricing structures and future market access strategies.

The issue has become more urgent as the Trump administration advances Most Favored Nation (MFN) agreements with major pharmaceutical manufacturers, including Novartis, linking US drug pricing more closely to prices paid in other developed markets. Notably, on May 18, 2026, the Administration announced that 600 generic drugs will be added to TrumpRx, in collaboration with Amazon, GoodRx and Cost Plus Drugs.

Under this evolving framework, lower prices in Europe could place downward pressure on US pricing, significantly altering global launch sequencing, pricing negotiations, and investment decisions. Narasimhan emphasized that unless Europe modernizes its reimbursement environment, pharmaceutical companies may reconsider the scale of future investments in European clinical trials, manufacturing operations, and commercialization activities.

For pharmaceutical distributors and wholesalers, these developments signal potentially significant downstream implications. Pricing compression in Europe, coupled with heightened scrutiny of reimbursement systems, could reshape manufacturer launch strategies, alter product availability timelines, and increase supply chain complexity across international markets. Companies operating globally may also face greater pricing transparency pressures and tighter margin environments as governments seek additional cost savings. At the same time, manufacturers may prioritize markets with stronger innovation incentives and faster reimbursement pathways, potentially creating uneven product access across regions.

Narasimhan specifically criticized recent proposals in Germany aimed at introducing new purchasing agreements for certain innovative medicines, describing the measures as discouraging for an industry dependent on long-term research investment. He contrasted Europe’s approach with that of the US and China, both of which continue investing aggressively in

(continued on page 2)

In Brief...

◆ The **Canadian Association for Pharmacy Distribution Management (CAPDM)** is now **Vital, Canada’s Pharmaceutical Supply Chain Alliance**. This evolution reflects more than a name change. It signals a strengthened, accelerating collaboration across the pharmaceutical supply chain to ensure Canadians have reliable access to needed medications. IFPW congratulates Vital on this new chapter of the organization’s history and extends its best wishes for the future.

◆ **MSD (Merck & Co.) R&D (China)** signed two agreements and intention agreements for multiple clinical development collaborations with two Chinese companies for various drug modalities including bi/trispecific T-cell engagers, molecular glue degraders and amacrophage-targeted therapy across oncology and autoimmune diseases. In addition to the high potential of the early-stage molecules from the Chinese partners, another key factor driving these collaborations is China’s increasing globally recognized fast speed and capabilities in progressing early clinical development. The two agreements were signed with Shanghai-based **Degron Therapeutics** for oncology and **Hangzhou Medium Science Biomedical Technology** for autoimmune diseases, following the cooperation intention agreement the two biotech firms signed with MSD R&D (China) last November.

◆ **Regeneron** will partner with **Parabilis Medicines** in a US\$2.3 billion (including US\$125 million in cash and an equity investment.) At the center of the agreement is Parabilis’ *Helicon* peptide platform. Regeneron will explore using

(continued on page 2)

Bridging the Reimbursement and Screening Gap

(Source: An article by Anju Ghangurde for Scrip)

AstraZeneca is advancing an increasingly localized and technology-driven strategy across Asia aimed at expanding patient access to innovative medicines while addressing the region’s significant reimbursement, affordability, and diagnostic gaps. In an interview, Arun Krishna, AstraZeneca’s Area Vice President for Asia, outlined how the company is tailoring market access strategies country-by-country—and in some cases state-by-state—to reflect the region’s highly fragmented healthcare systems, disease burdens, and economic realities.

A central theme is the argument that governments should begin treating healthcare innovation as a long-term economic and societal investment rather than simply a near-term budgetary expense. Krishna emphasized that improving access to advanced therapies requires not only faster regulatory approvals, but also more flexible reimbursement systems and financing models capable of supporting innovative medicines at scale. South Korea is a positive example, with recent reforms

(continued on page 2)

Novartis CEO (cont'd.)...

biotechnology competitiveness and domestic pharmaceutical innovation ecosystems. Germany's policy direction is particularly notable given its historic role as one of Europe's most important pharmaceutical markets and manufacturing hubs.

The broader strategic takeaway is that global pharmaceutical pricing policy is becoming increasingly interconnected. As governments pursue affordability initiatives, manufacturers are responding by reassessing investment priorities, launch economics, and market participation strategies. For distributors and wholesalers, maintaining close visibility into evolving pricing frameworks, reimbursement reform, and manufacturer market access strategies will become increasingly important as these policy shifts influence supply dynamics, commercial planning, and long-term industry growth.

Bridging the Gap (cont'd.)...

introducing more flexible approaches to *Incremental Cost-Effectiveness Ratio (ICER)* thresholds in drug pricing assessments, potentially improving patient access to breakthrough therapies.

One argument is that approval alone is insufficient if patients remain undiagnosed, untreated, or unable to afford therapies. As a result, companies are increasingly investing not only in medicines, but also in broader healthcare ecosystem infrastructure—including screening programs, diagnostic expansion, digital health tools, and AI-driven detection technologies.

India features prominently in AstraZeneca's strategy. While the country has accelerated regulatory pathways for certain innovative drugs, affordability and reimbursement remain substantial barriers. To address this, AstraZeneca is pursuing state-level partnerships designed to expand reimbursement access and scale early detection programs. The company's initiatives in Goa and Karnataka—including AI-enabled lung cancer screening partnerships with Qure.ai—illustrate how manufacturers are increasingly combining innovative pricing agreements with public health initiatives and data-driven screening programs. More than 100,000 individuals have reportedly been screened through AI-assisted chest X-ray analysis within Goa's public health system.

All of this underscores the growing importance of outcome-based pricing and alternative financing mechanisms in emerging healthcare markets. Companies are exploring models that include confidential rebates, reimbursement tied to patient outcomes, supplemental insurance arrangements, voucher systems, and even crowdfunding approaches for rare disease therapies. While some of these models remain in early-stage, they reflect increasing industry recognition that traditional reimbursement frameworks may be insufficient for supporting access to high-cost innovative therapies across developing economies.

Artificial intelligence emerges as another major strategic pillar. Increasingly, companies are leveraging AI across multiple operational areas, including regulatory submissions, reimbursement dossiers, healthcare professional education, clinical development, supply chain planning, and patient identification. AstraZeneca also highlighted the role of its India global capability center in supporting broader data, AI, and supply chain infrastructure initiatives, particularly for complex

future modalities such as cell and gene therapies. AstraZeneca executives believe AI-driven automation and "agentic AI" systems could significantly reduce development timelines and improve productivity across pharmaceutical operations.

For pharmaceutical distributors and wholesalers, there are several important long-term trends shaping emerging healthcare markets. First, access strategies are becoming increasingly integrated, combining medicines, diagnostics, reimbursement, data systems, and digital technologies into unified patient access models. Second, state-level and regional partnerships may become increasingly important in large decentralized healthcare systems such as India. Third, AI-enabled diagnostics, connected health records, and outcome-based reimbursement models will likely require closer coordination between manufacturers, providers, governments, and supply chain partners.

More broadly, pharmaceutical companies are evolving beyond traditional product suppliers into broader healthcare ecosystem partners. Success in emerging markets may increasingly depend not only on launching innovative therapies, but also on helping governments build scalable screening programs, financing mechanisms, digital infrastructure, and connected care pathways capable of delivering those therapies to patients efficiently and sustainably.

In Brief (cont.)

Helicons as standalone therapies, with a "particular focus" on *antibody-Helicon conjugates (AHCs)*. *AHCs* are similar in principle to *ADCs*. Using a *Helicon* should mean these *AHCs* are able to selectively modulate intracellular proteins that are otherwise considered undruggable. The new *Helicons* and *AHCs* discovered under collaboration will be developed and commercialized by Regeneron.

- ◆ India's largest pharma company, **Sun Pharma**, has entered into a definitive agreement to acquire **Organon** for US\$14.00 per share in cash. The transaction has an enterprise valuation of US\$11.75 billion and is expected to close in early 2027. The deal will place Sun among top 25 global pharma companies in revenue terms, with combined total of US\$12.4 billion.

- ◆ **Amazon One Medical** will launch a comprehensive *GLP-1* management program that integrates medication access options, including **Amazon Pharmacy**, with personalized primary care. The program combines *GLP-1* medications, when clinically appropriate, with ongoing medical expertise to assist patients achieve sustainable, healthy weight loss. The program integrates *GLP-1* management into a patient's broader primary care relationship proactively managing how weight loss intersects with cardiovascular health, metabolic conditions and overall health.

- ◆ **Eli Lilly** will acquire sleep disorder specialist **Centessa Pharmaceuticals** for US\$6.3 billion. Centessa's pipeline includes *orexin receptor 2 (OX2R)* agonists, with its lead drug candidate *clemimorexton (ORX75)* being studied in Phase II trials in narcolepsy types 1 and 2 and idiopathic hypersomnia. The eventual payout and magnitude is dependent on the **U.S. Food and Drug Administration's** approval of *clemimorexton* in various conditions.

(Sources: Drug Store News, FierceBiotech, FiercePharma and Scrip Intelligence)