

Value-based pricing

We live in an era of medical innovation, driven by a better understanding of the genetic and biological roots of disease, and a burgeoning use of data analytics and digital technology in science and healthcare. At the same time, the world's population continues to grow and people are living longer, fueling a rise in chronic diseases. Together, these factors are increasing demand for healthcare worldwide and pressuring healthcare systems to contain spending growth.

Novartis believes medicine prices should be based on three value pillars:

- Patient value
- Value to the healthcare system
- Value to society as a whole.

A value-based approach to healthcare incentivizes the healthcare sector to focus on the interventions that deliver the most effective, efficient and sustainable outcomes. Novartis was among the first pharmaceutical companies to enter into value-based contracting for medicines, linking pricing and reimbursement rates to specific outcomes.

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