

# Mapping External Reference Pricing Practices for Medicines

## EXECUTIVE SUMMARY

### Objectives

One option to manage or regulate medicine prices is External Reference Pricing (ERP) which is increasingly being used worldwide, particularly in higher-income countries, or being considered to be used, mainly in low- and middle-income countries. ERP is the practice of using the price(s) of a pharmaceutical product in one or several countries in order to derive a benchmark or reference price for the purposes of setting or negotiating the price of the product in a given country. There is little evidence on the effects of ERP either for the country that applies it, or for the countries being referenced to.

The UK's Intergovernmental Forum on Access to Medicines (IGFAM) has debated whether ERP is an impediment to differential pricing, especially in lower-income countries that may be referenced to by more wealthy and lucrative countries. Therefore, this study was undertaken to map and better understand the use of ERP, in particular which countries do not use ERP, which countries use ERP, the structure and processes used, and which low- and lower-middle income countries are being referenced to. This information would be used to test the hypothesis that a very limited number, if any, of low-income and lower-middle income countries are used as price reference countries by higher-income countries, therefore pharmaceutical companies would be able to offer lower prices to lower-income countries without affecting their business model in higher-income countries.

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