The Cost of Medicines in the NHS

Commercial turbulence and future innovation

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IQVIA speakers for today

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Agenda

- **What's driving pharmaceutical pricing for the NHS?**
  - US-UK Trade Deal / MFN / VPAG
  - UK pharma dynamics

- **Key areas of disruptive innovation**
  - Oncology
  - Obesity

- **The future for biosimilars**

- **Summary**

US-UK Trade Deal, MFN & VPAG

Summary and implications

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Arrangement on pharmaceutical pricing between USA & UK

*The US-UK agreement makes UK pharma exports **tariff-free until January 2029**, in exchange for higher NHS pricing and VPAG reform*

Context and Industry Landscape

The 2025 US trade announcements shaped global responses, with the UK government highlighting pharmaceuticals as a key growth area. A US-UK pharmaceutical pricing agreement was announced in December 2025. Details were only fully published in April 2026, confirming the arrangements.

United Kingdom

- The pharmaceutical industry had agreed a **"Voluntary Pricing scheme for Access and Growth"** (VPAG) capping growth of innovative medicines at 4% per year via rebates to drug prices. The rebate rate escalated dramatically from longer-term averages of less than 14% to 25%, causing significant industry alarm and objection.
- NHS spending on innovative medicines had fallen **from around 14% to 9% of the health budget** over the preceding decade. The UK Prime Minister brought forward a review of VPAG from "autumn" to "by summer", raising expectations of a change in pricing.

United States of America

- Trump's May 2025 **MFN executive order** seeks to benchmark US drug prices to comparable nations. 17 manufacturers had struck MFN deals.
- On 2nd April 2026, the US imposed **100% Section 232 tariffs** on patented pharma (0% for firms with MFN+onshoring deals).
- The US-UK agreement (in principle December 2025; **full text published 2nd April 2026**) makes UK pharma exports **tariff-free until January 2029**, in exchange for **higher NHS pricing and VPAG reform**.

Agreement on pharmaceutical pricing between the United States and the United Kingdom – CF
Source: IQVIA expertise

MFN – Most Favoured Nation

Most Favoured Nation (MFN)

US pricing alignment with lower-cost countries + increased spending on non-US medicines …

- Aimed at reducing high US costs, this mechanism forces price alignment with lower-cost countries and has already led to agreements with pharmaceutical companies.
- The December 2025 UK-US trade agreement provides the UK with key exemptions from the US "Most Favoured Nation" (MFN) drug pricing initiative, while securing **0% tariffs** on UK pharmaceutical exports to the US for **three years**. In exchange, the UK agreed to **increase NHS spending on innovative (new) medicines by 25%** and adjust the VPAG scheme.
- **Key details:**
  - **0% tariffs**: - UK-origin pharmaceuticals, ingredients, and medical technologies are exempt from certain US section 232 tariffs (**exemptions** include: generics, biosimilars & FDA-designated orphan drugs).
  - **Mitigation of MFN initiative**: - The UK secured specific "mitigations" under the US MFN initiative, ensuring it is not penalised by the US policy designed to prevent other countries from receiving lower drug prices than the US.
  - **Increased NHS spend & lower rebates**: - To align with US demands, the UK will increase its expenditure on innovative (new) medicines and reduce the high rebate levels (previously 22.9% in 2025 and now capped at 15%) under the VPAG scheme.
  - **Pricing impact**: - The deal is intended to encourage pharma companies to launch new medicines in the UK early, rather than restricting supply due to lower UK prices.
  - **Shift in strategy**: - The US MFN policy, now mitigated for the UK, aims to force global manufacturers to align international prices closer to US levels, preventing the US from *"subsidising lower costs elsewhere."*

Source: IQVIA expertise

Most Favoured Nation (MFN) Pricing

MFN - Primary Reference Countries

- **The MFN "comparison basket"**: The policy primarily targets high-income countries with market-oriented healthcare systems.
- As of January 2026, the **Most Favoured Nation (MFN)** pharmaceutical policy is a United States initiative that ties domestic drug prices to the lowest (or second-lowest) prices found in a "basket" of other developed nations.
- **Primary Reference Countries**: - Under the current **GENEROUS** (**GENE**rating cost **R**eductions f**O**r **US** Medicaid) model announced in late 2025, the U.S. benchmarks prices (**net**) against the second-lowest price in these eight countries: UK; Germany; France; Italy; Japan; Switzerland; Canada and Denmark.
- **Manufacturer Agreements:** As of January 2026, a number of major pharmaceutical companies - including Pfizer, AstraZeneca, Eli Lilly, and Novartis - have signed voluntary agreements to provide MFN-level pricing to certain U.S. patients.
- **GUARD** and **GLOBE** pilot models - Mandatory models (Medicare) referencing broader OECD countries (19) using lowest country level average list price or option of net price average across countries, to be implemented Jan 2027-Dec 2031 (GUARD) and Sept 2026-Sept 2031 (GLOBE). **Key takeaway** – US is likely to implement international reference pricing which will impact UK access.

IRP / Medicare broader 'reference basket'

- **Additional reference countries include**: Australia; Austria; Belgium; Czech Republic; Ireland; Israel; Netherlands; Norway; South Korea; Spain; Sweden

Source: IQVIA expertise

The UK-US Pharma trade deal potentially improves the medicine pricing environment for industry and supports UK patient access

This potentially enables higher net prices to be achieved, which could limit MFN impact

Deal Context

ANNOUNCED
December 2025

FULL TEXT
April 2026

The UK secured **zero tariffs** on British pharmaceutical exports to the US for **at least 3 years**, making it the **only country** with such preferential access. In return, the UK committed to **meaningful reform** of its domestic pricing environment, creating higher reference prices for MFN.

Key System Reforms Secured

£25-35k
NICE ICER Threshold Raised

- Increased from £20-30k to £25-35k QALY, effective March 31, 2026. Previously unchanged for over 2 decades.

EQ-5D-5L
NICE Methods Update

- Drugs increasing survival benefit = more CE; those who don't = less CE.
- Compresses middle-range utility, narrowing the gap between treated and untreated states.
- On average will increase prices by ~ 5%.

0.6% GDP
GDP Spend Target (2036)

- Commitment to doubling spending on new medicines as a proportion of GDP from 0.3% to 0.6% by 2036.

15%
VPAG Rebate Cap

- Capped at a maximum of 15% (down from 22.9% in 2025) and locked-in until the end of the current VPAG rebate scheme in 2028.

SPEED
Ensure no Delayed Launches

- Provision for the US to work with the UK to ensure companies do not delay launch in the UK (supported by annual discussions between the two countries).

Source: IQVIA expertise

The VPAG successor scheme is in early stages of development, and could be an important vehicle to help achieve 0.6%

While details are yet to be agreed, there is scope for significant change

Negotiation Process

- The government has begun the process of developing ideas for the VPAG successor scheme in a series of ongoing meetings.
- These involve both government and senior staff from select pharmaceutical companies, as well as direct CEO-PM engagement.

Successor scheme timeline:

Present
Ongoing ideas development

Mid 2027
Formal negotiations begin

2029
New 'scheme' in place

A number of ideas being discussed in the current sprint process could help UK medicines pricing, thereby helping to mitigate against future US price referencing. These include:

01
HTA METHODOLOGY CHANGES

Improvements to reflect the true value of innovative medicines, such as accounting for wider social benefits.

02
REBATE ELIMINATION

Ensure no portfolio-wide clawbacks which undermine the agreed unit price, with the government taking the risk on medicines spend and in-year affordability.

03
INCENTIVES

To reward medicines launch and delivery of investments aligned with government strategy, such as NAS extension.

Source: IQVIA expertise

UK Pharmaceutical Market Dynamics

UK Key Insights at a Glance

PRIMARY CARE SALES*

+2.4% in value and
+0.9% in volume yoy

* MAT Mar 2026 vs MAT Mar 2025

HOSPITAL CONSUMPTION*

+10.3% in value and
-0.3% in volume yoy

TOP 3 ATC*

% GROWTH

1. Hepatoprotectives
2. Anti-Diabetics
3. Ear, Nose and Throat

% DECLINE

1. Blood Forming Agents
2. Hormones
3. Anti-Infectives

* MAT Mar 2026

TOP 5 CORPORATIONS

BY VALUE

1. Lilly
2. Roche
3. AstraZeneca
4. Novartis
5. Johnson & Johnson

BY % GROWTH

1. Immunocore
2. Idorsia
3. Octapharma
4. AOP Orphan Pharm
5. Luye Pharma

PATIENT CONSULTATIONS/REFERRALS

1% DECREASE IN TOTAL PRIMARY CARE CONSULTATIONS

0.2% DECREASE IN PRIMARY CARE IN-SURGERY CONSULTATIONS

10% INCREASE IN PATIENTS WITH AN LDL TEST RESLT

MAT Mar 2026 vs MAT Mar 2025

PROMOTIONAL ENGAGEMENT WITH HCPs

INCREASE IN REMOTE REP CONTACTS **21%**

INCREASE IN F2F REP CONTACTS **15%**

INCREASE IN % OF INTERNET REP CALLS RATED 'VERY USEFUL' **22%**

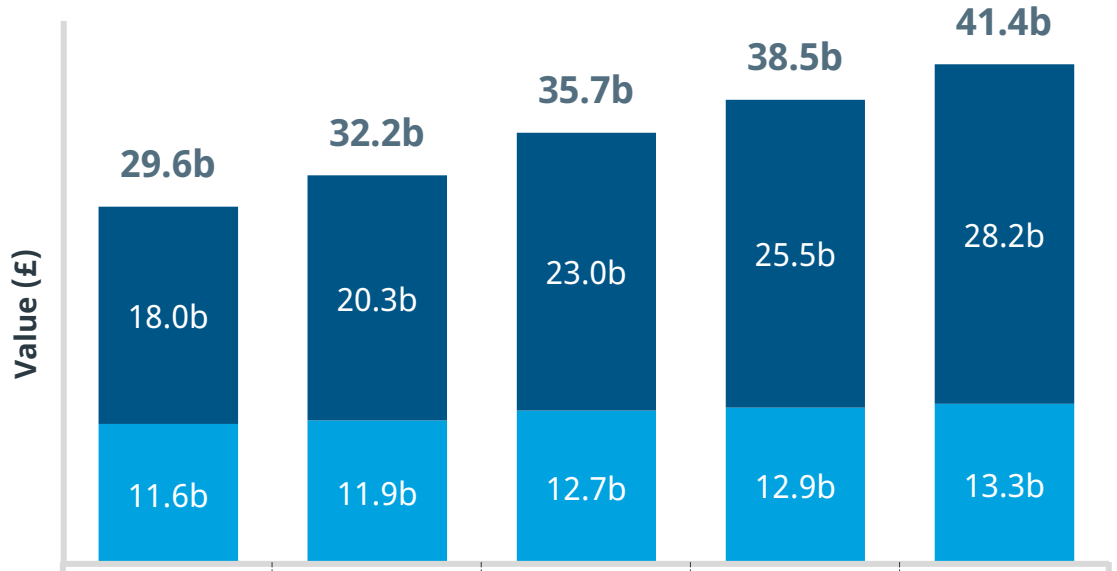
Q1 2026 vs Q1 2025

Source: IQVIA UK data and expertise

Number of packs dispensed increased by 0.75% to 2.2bn and value at list price increased by 7.6% to £41.4bn in MAT Mar 2026

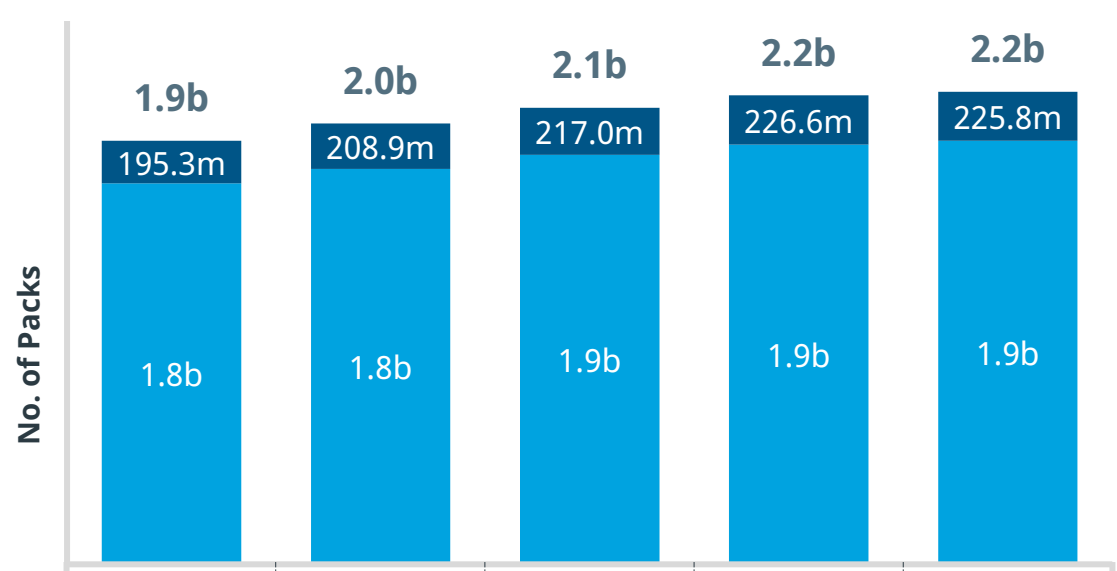
While Retail drives the volume, value growth is predominantly driven by Hospitals

Value (Drug Tariff Price)



YoY Growth	MAT Mar 22	MAT Mar 23	MAT Mar 24	MAT Mar 25	MAT Mar 26
Total		+8.8%	+10.9%	+7.7%	+7.6%
Hospital		+12.8%	+13.3%	+10.9%	+10.3%
Retail		+2.6%	+7.0%	+1.8%	+2.4%

Volume (No. of Packs)



YoY Growth	MAT Mar 22	MAT Mar 23	MAT Mar 24	MAT Mar 25	MAT Mar 26
Total		+4.1%	+3.6%	+2.7%	+0.7%
Hospital		+7.0%	+3.9%	+4.4%	-0.3%
Retail		+3.7%	+3.6%	+2.5%	+0.9%

Source: IQVIA XBPI/HPAI combined – Mar 2026

Top 10 corporations have 41.2% market share, amounting to £16.6b in values sales in MAT Mar 2026

Lilly recorded highest absolute growth followed by Celltrion and Novartis

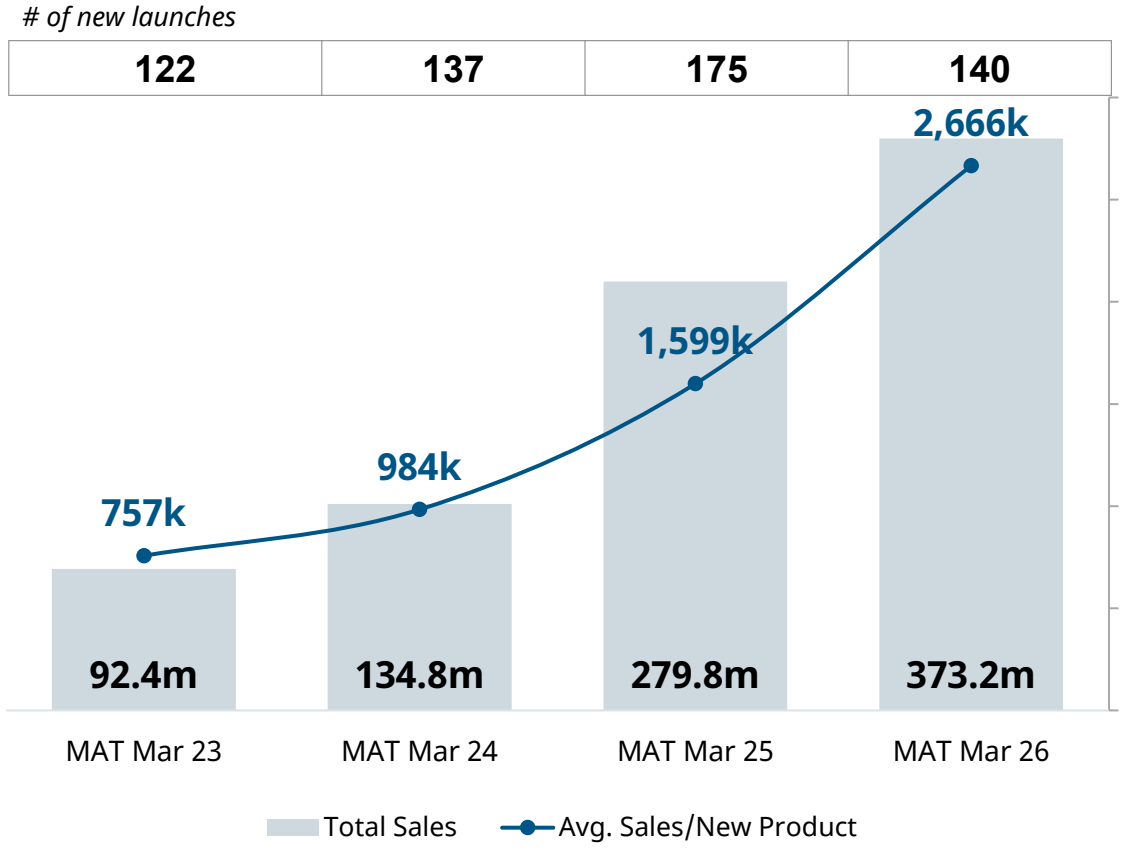
Top 10 Corporation – MAT Mar 2026 – Value (Drug Tariff Price)	Growth YoY	Top 3 Products		
LILLY* 3.6b	+166.2% (+2,225m)	***Mounjaro*** 2,207.1m (296.4%)	***Verzenios*** 271m (10.7%)	***Taltz*** 64.7m (2%)
ROCHE 2.4b	+4.1% (+92.8m)	***Vabysmo*** 480.7m (19.8%)	***Hemlibra*** 363.3m (5.2%)	***Phesgo*** 314.1m (5.7%)
ASTRAZENECA 1.6b	-4.9% (-83m)	***Calquence*** 236.4m (5.3%)	***Tagrisso*** 202.1m (11.9%)	***Forxiga*** 179.8m (-56.4%)
NOVARTIS 1.6b	+15% (+209m)	***Kesimpta*** 231.6m (42.3%)	***Cosentyx*** 230.6m (8.6%)	***Entresto*** 211.7m (14.2%)
JOHNSON & JOHNSON 1.4b	-4.5% (-66.7m)	***Darzalex*** 623.6m (16.7%)	***Erleada*** 209.1m (22.7%)	***Imbruvica*** 131.2m (-15.1%)
VERTEX PHARMA 1.4b	+2.9% (+39m)	***Kaftrio*** 643.1m (-4.1%)	***Kalydeco*** 607.8m (-4.7%)	***Alyftrek*** 90.2m (NA)
MERCK & CO 1.2b	-0.9% (-11.2m)	***Keytruda*** 949.9m (4%)	***Zepatier*** 57.7m (-12.9%)	***Delstrigo*** 53.9m (8.7%)
CELLTRION 1.2b	+51.3% (+397.5m)	***Yuflyma*** 542.1m (101.7%)	***Remsima*** 353.6m (9.8%)	***Remsima Sc*** 116.4m (52.8%)
GSK 1.2b	+5.3% (+59m)	***Dovato*** 156.2m (29%)	***Lamictal*** 119m (0.8%)	***Trelegy*** 112.9m (3.7%)
PFIZER 1.1b	+16.8% (+164.9m)	***Vyndaqel*** 258.3m (121%)	***Ibrance*** 191m (-4%)	***Comirnaty Kp.2*** 62.7m (765307.5%)

Source: IQVIA XBPI/HPAI combined – Mar 2026, * includes private market sales for Mounjaro (source: IQVIA Supply Chain Manager – Mar 2026)

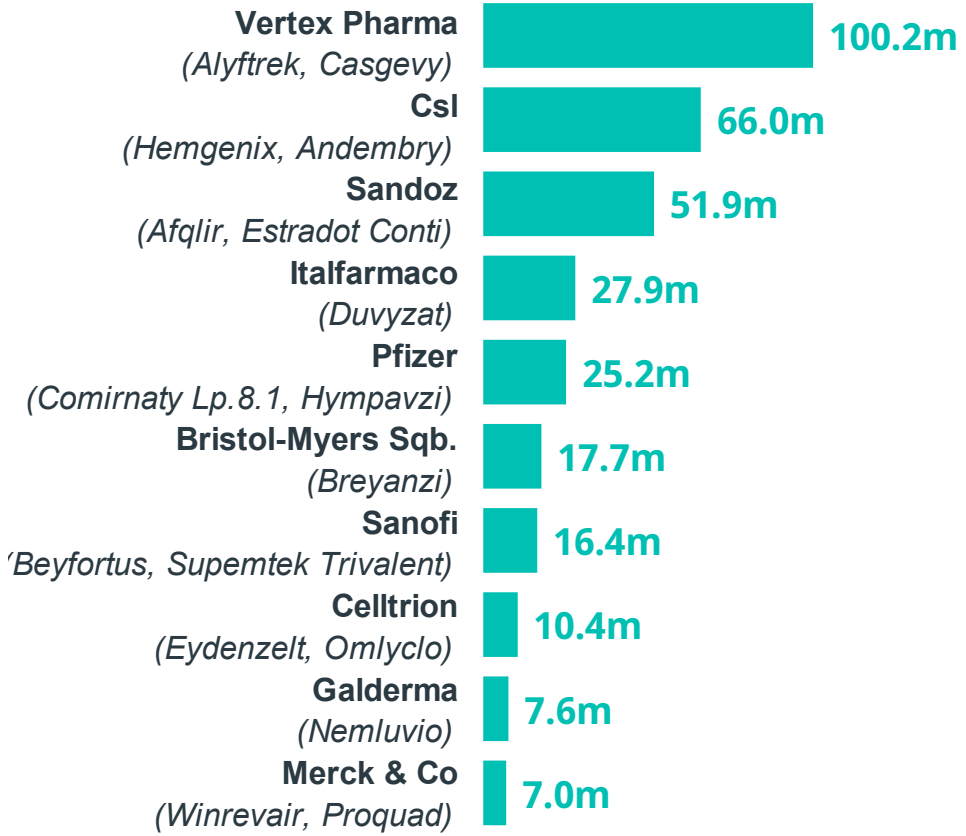
140 new products were launched in the latest MAT, contributing to £373.2m in total sales (average annual sales per new product of £2.6m)

Average sales per new product is 66.7% higher compared to previous MAT

New Product Launches



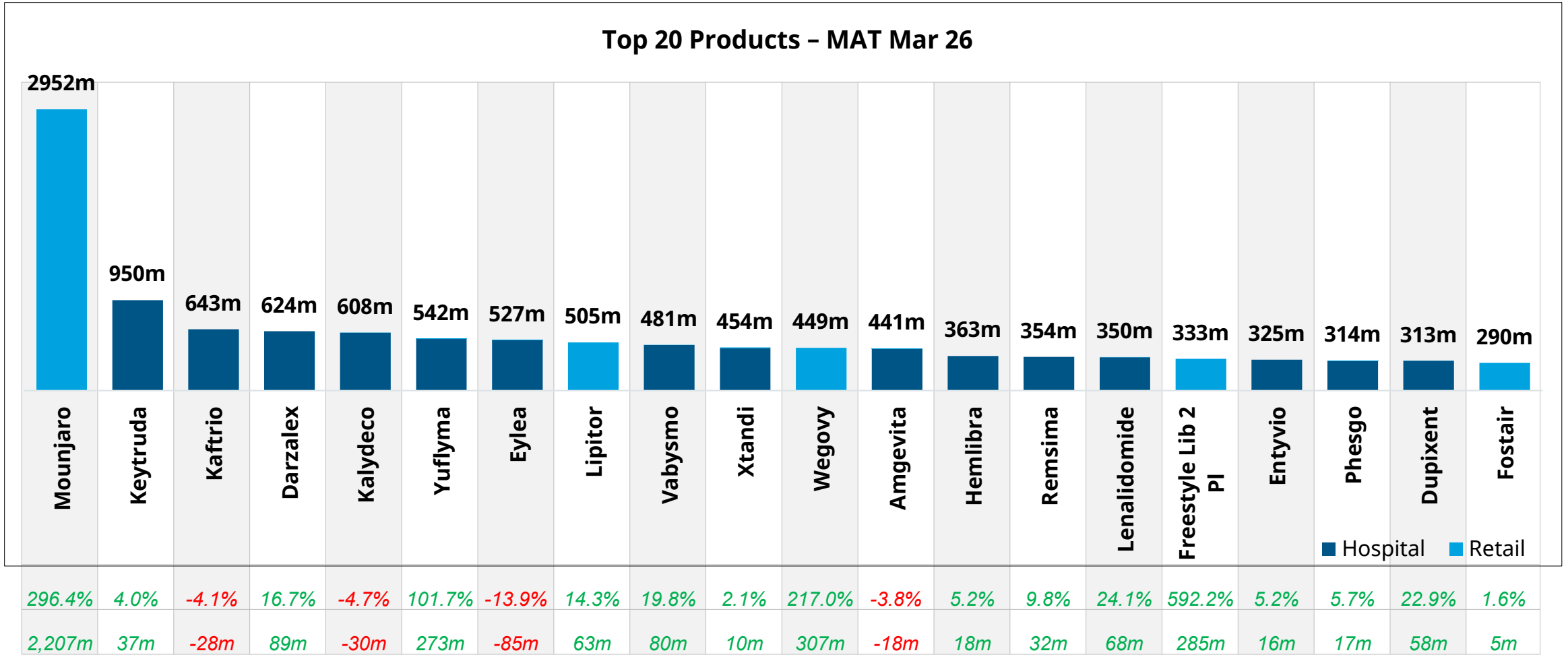
Top 10 Corporation by new launches – MAT Mar 26



Source: IQVIA XBPI/HPAI combined – Mar 2026

High value medicines remain concentrated in secondary care, with retail dispensing driving high growth

Mounjaro has recorded exceptional growth over the last year



Growth YoY (% and absolute)

Source: IQVIA XBPI/HPAI combined – Mar 2025. Note: For original brands with off-patent molecules IQVIA use NHS Indicative price (not Drug Tariff price)
* Mounjaro and Wegovy sales are based on total supply (source: IQVIA Supply Chain Manager – Mar 2026) due to large out-of-pocket volumes outside of traditional IQVIA captured dispensing channels

Key areas of disruptive innovation

Overview and implications

Helena Bayley, Consultant, Thought Leadership, IQVIA

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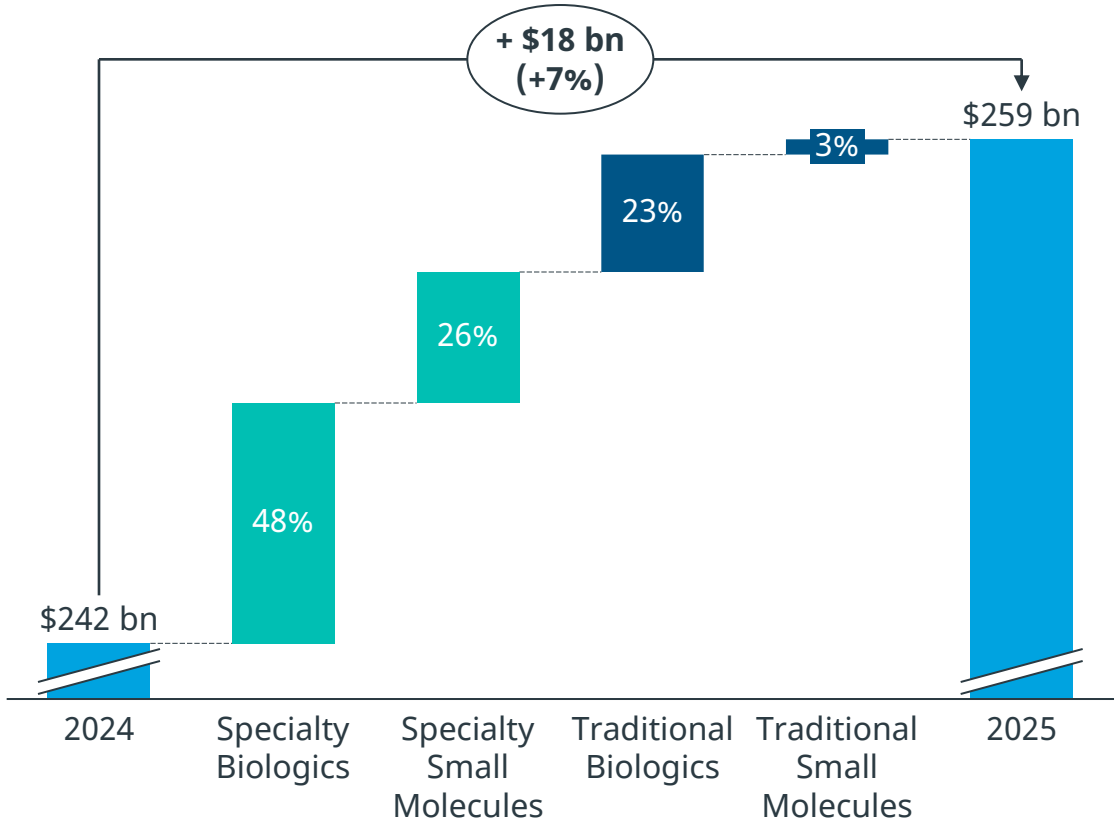
Specialty medicines account for the majority of growth in EU4&UK Rx expenditure

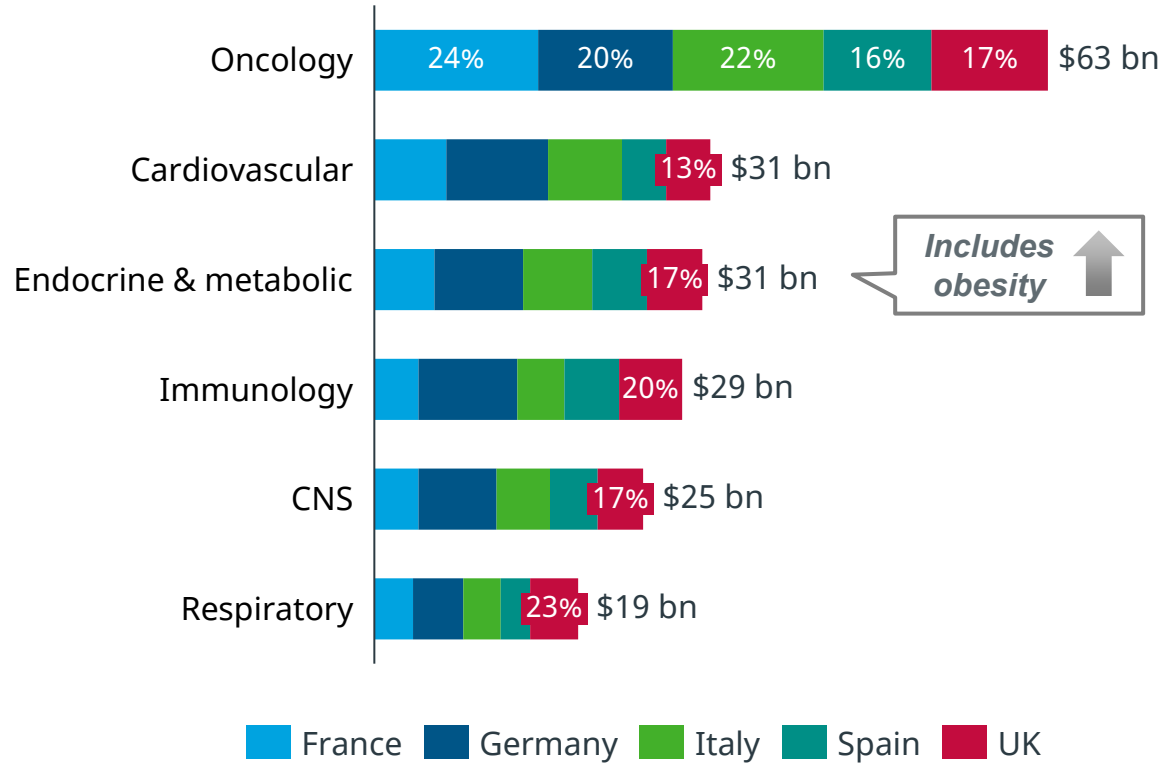
EU4&UK YoY growth in Rx medicines spend

(List price, Bn USD, 2024-25)



EU4&UK Rx spend by therapy area

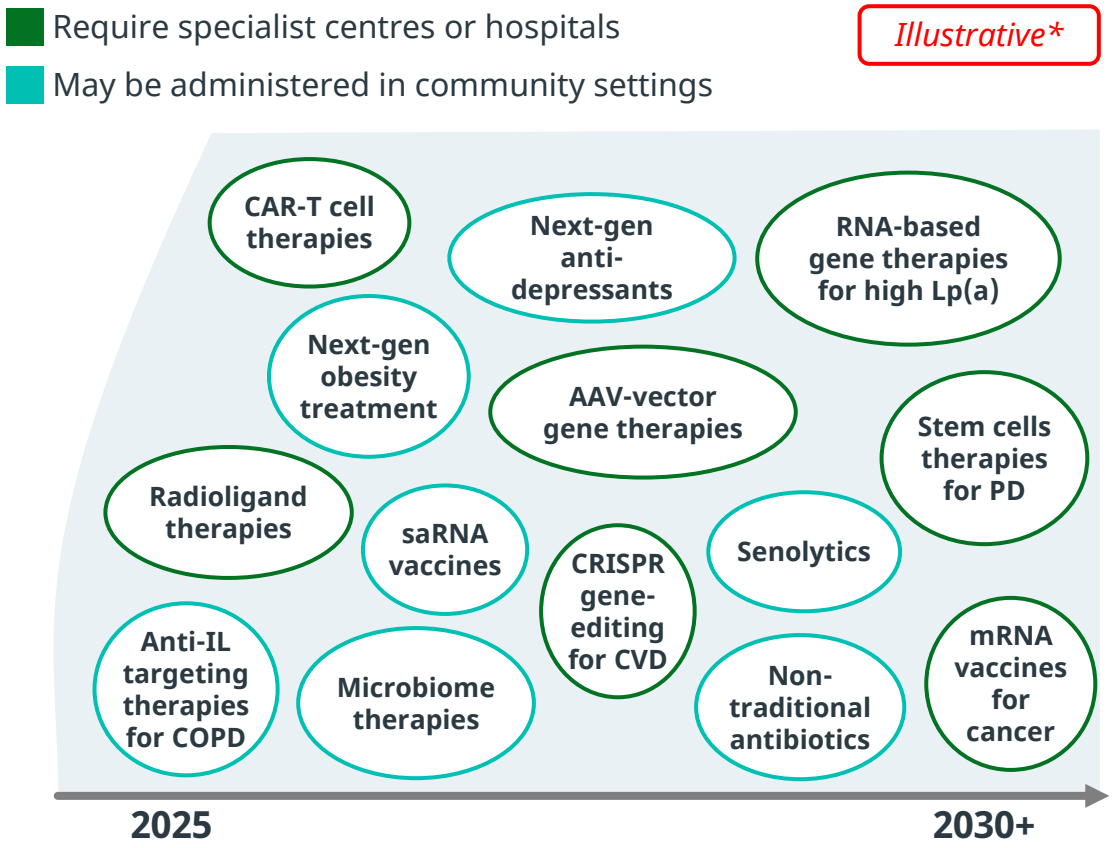
(List price, top 6 therapy areas shown, Bn USD, 2025)



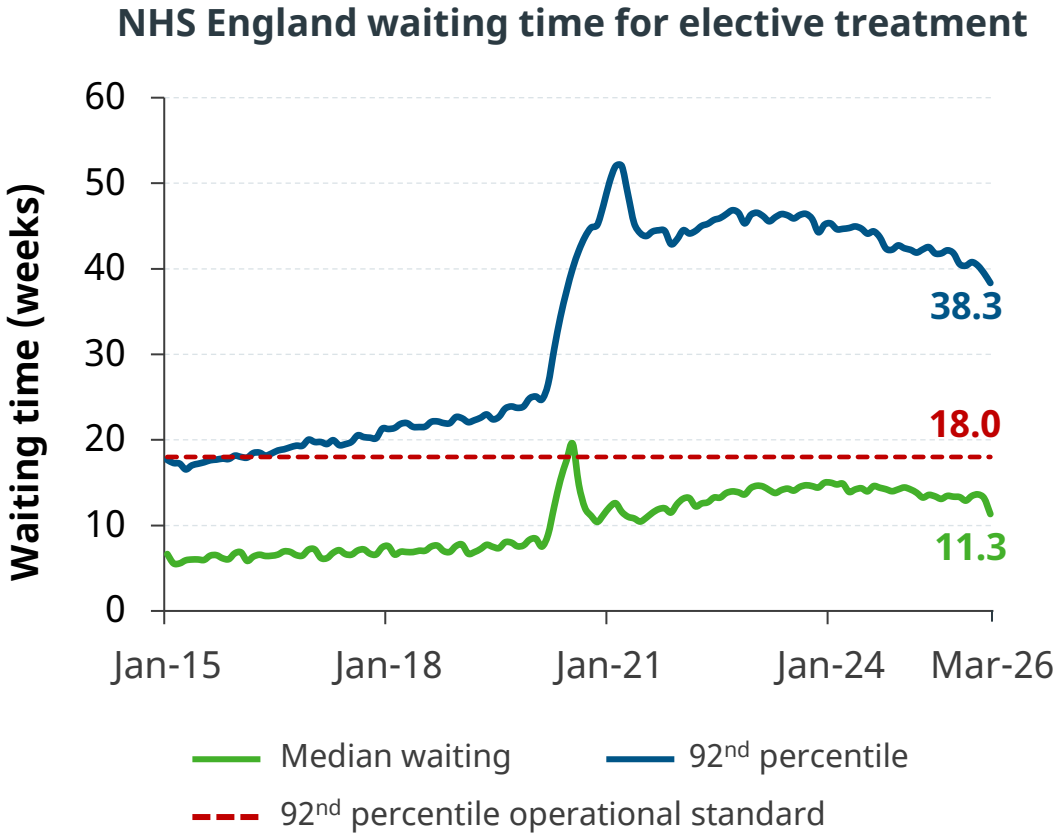
Note: Growth rates at constant exchange rates; Rx only; data is full-year; all sales values are reported at list price/ex-manufacturer level
Source: IQVIA Thought Leadership; IQVIA MIDAS MAT Q4 2025; IQVIA MIDAS Disease MAT Q4 2025

Exciting areas of innovation lie on the horizon; many will require additional capacity from secondary care settings

Many sophisticated therapies are in development…



… But secondary care faces huge pressure

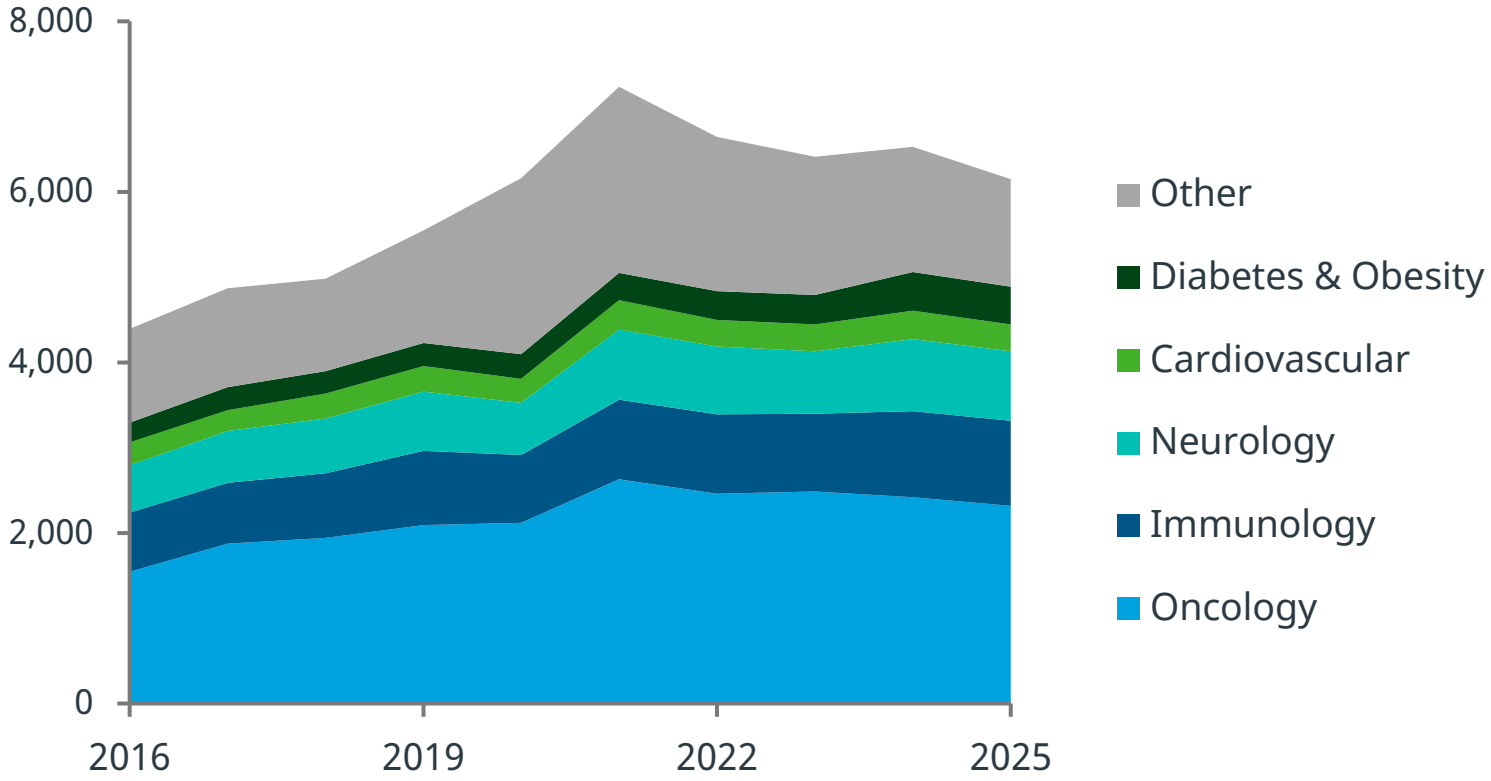


Notes: *Illustrative and not exhaustive. Abbreviations: Anti-interleukin (Anti-IL), Cardiovascular disease (CVD), Messenger RNA (mRNA), Self-amplifying RNA (saRNA), Parkinson's Disease (PD), Adeno-associated virus (AAV), Lipoprotein(a) (Lp(a))
Sources: 2024 Pipeline Review – Innovation for Unmet Need; NHS England Referral to Treatment (RTT) Waiting Times March 2026

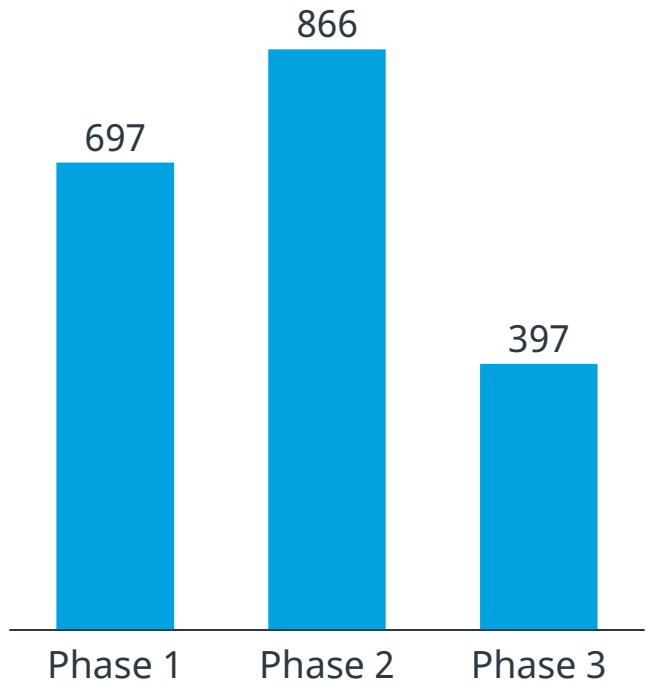
Oncology is one of the largest areas of clinical activity, accounting for 38% of all clinical trial starts in 2025

The clinical pipeline for oncology contains almost 2,000 assets

Global number of clinical trial starts each year
(Phases I to III, 2016–2025, by therapeutic area)



Oncology clinical pipeline
(Number of assets, phases I to III)

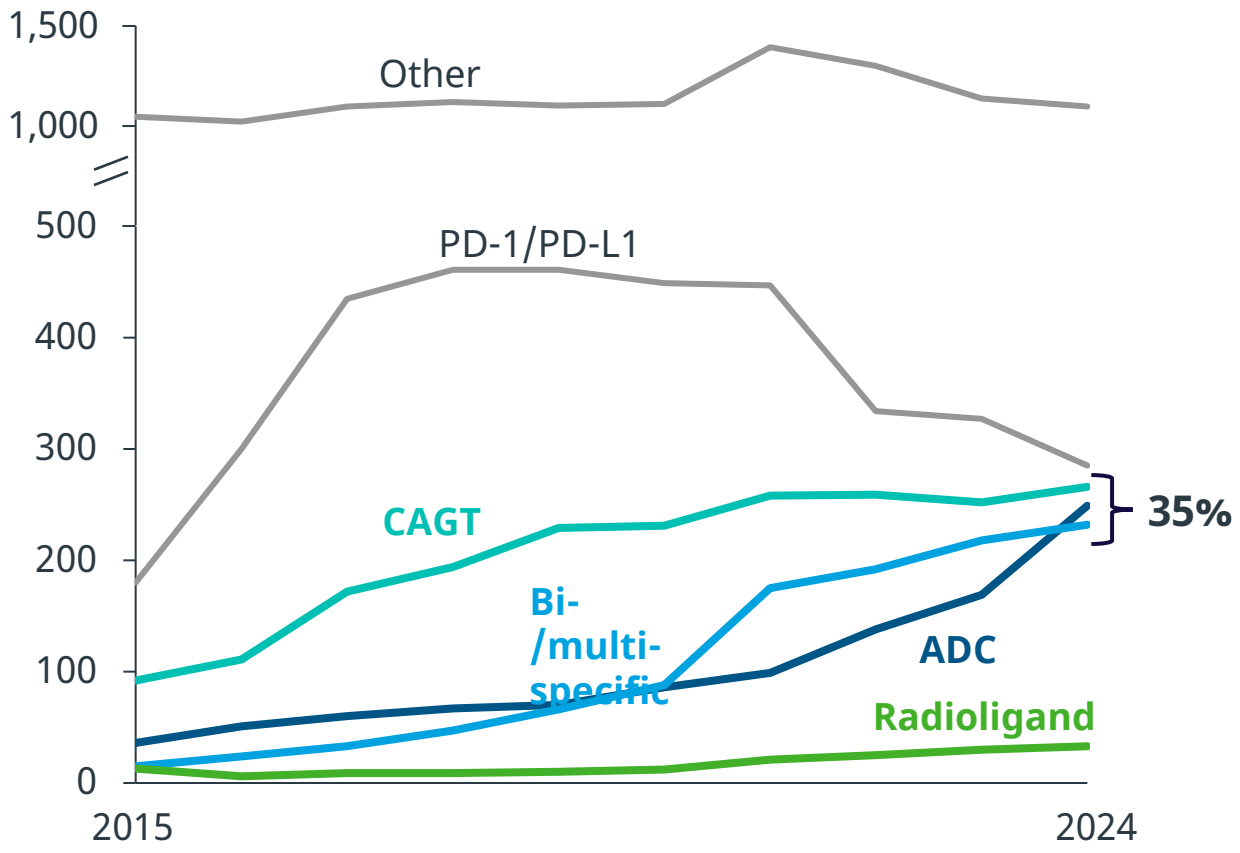


Total: 1,960 assets

Note: Oncology asset-based pipeline includes pipeline-reported assets only
Sources: Citeline Trialtrove, Jan 2026; Report by the IQVIA Institute for Human Data Science: Global R&D Trends 2026; IQVIA Pipeline Link (accessed September 2025)

In particular, novel oncology modalities are on the rise, each with unique pharmacy considerations and requirements

Number of oncology clinical trial starts each year
(Phase I-III, primary tested drug type)



Cell and gene therapies e.g. CAR-T
Cross-border supply; stored at ultra-low temperatures; personalised and very high cost

Antibody-drug conjugates
Stringent pharmacy handling requirements due to highly potent cytotoxic payloads

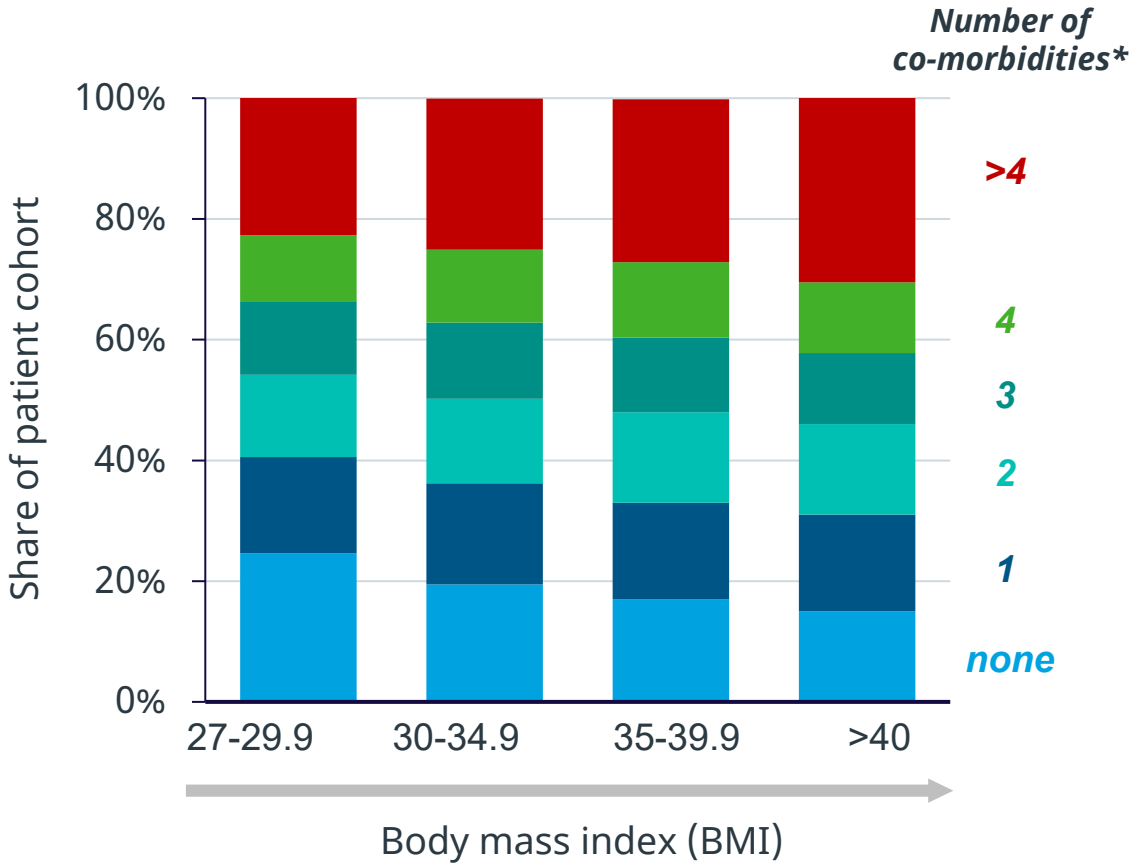
Bi-/multi-specific antibodies
Similar requirements to mAbs e.g. preparation in aseptic units / local risk assessment

Radioligands
Radiopharmacy capacity and specialist nuclear staff are required

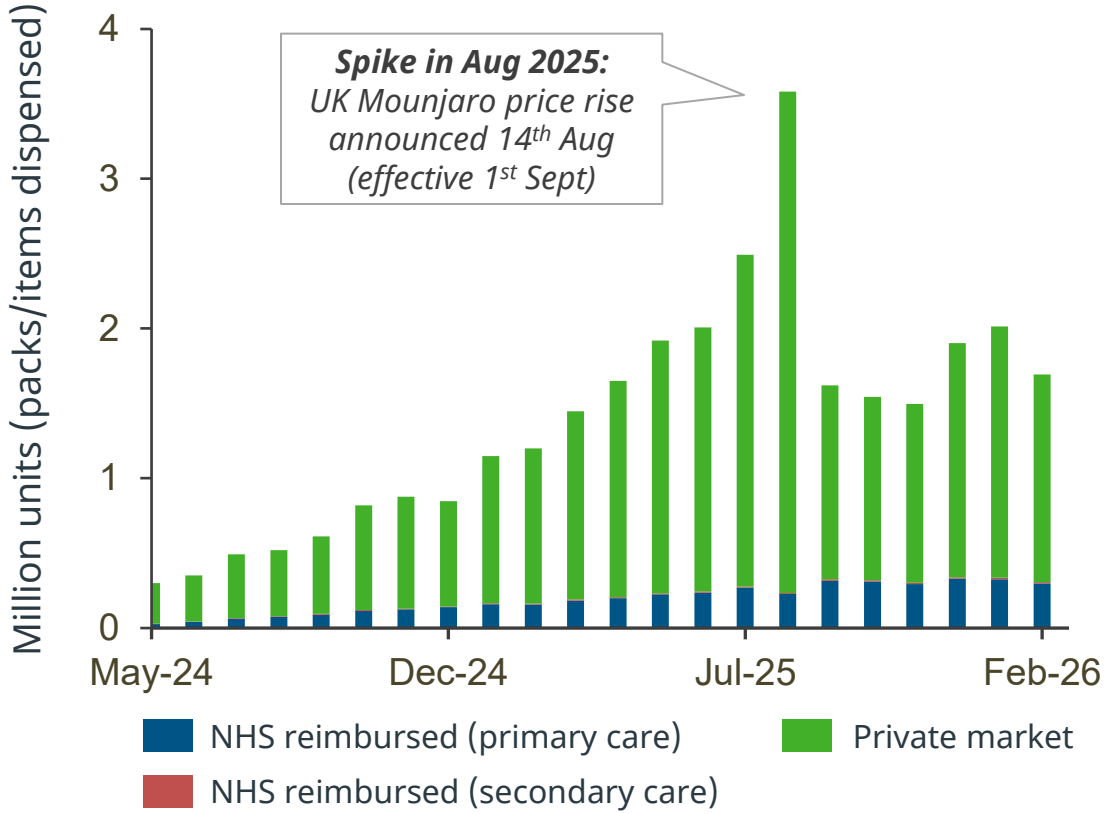
Abbreviations: CAGT = Cell and Gene Therapies; ADC = Antibody-Drug Conjugate
Source: Citeline Trialtrove, IQVIA Institute report Global Oncology Trends, May 2025; IQVIA Thought Leadership analysis

For obesity, despite the high prevalence and major health consequences, access to treatment is a significant challenge

Presence of co-morbidities in people with obesity
(by BMI cohort; US patient population)



UK uptake of Mounjaro and Wegovy
(Monthly volume; reimbursed vs. private)



* Including diabetes, ASCVD, Afib, HTN, PAH, dyslipidaemia, heart failure, PAD, MI, stroke, cardiovascular disease, CKD. Notes: weight management uptake does not include off-label use of Ozempic (licensed for diabetes) in the private market which may be for weight management. NHS usage of Mounjaro will be split between Mounjaro's diabetes and weight management indications.
Sources: IQVIA LAAD; NHS reimbursed (primary care): NHSBSA data, Items dispensed, Feb 2026, NHS reimbursed (secondary care): IQVIA Hospital Pharmacy Audit (HPA), units, Feb 2026, Private market: IQVIA Supply Chain Manager (SCM), units, Feb 2026

The obesity therapy market will likely remain largely self-pay to 2030 and beyond, but will undergo significant change

Currently 205 obesity therapies are in development or marketed globally

Market evolution to 2030+

Entry of orals

- The **first two next-gen orals** recently launched in US: **oral Wegovy and Foundayo**
- EMA recommended approval for oral Wegovy in May; MHRA likely to follow shortly
- Oral Wegovy has had **high initial uptake in the US** – offering convenience, broadening access

Second wave of launches

- Multiple products to launch 2027-2028, including **CagriSema** (first GLP-1 + amylin), survodutide
- **Market will segment:** GLP-1 combos, oral small molecules, injectables, long-acting injectables
- **Important for patients to have options beyond GLP-1s** as efficacy and tolerability vary between patients

Semaglutide LoE

- Semaglutide expected to lose exclusivity in UK in 2031
- This will **drive down price of semaglutide** significantly
- India has seen dramatic price cuts: vials available from **$14 per month**, disposable pens from $19 per month
- This could both **expand the self-pay** market, and prompt a **re-think in NHS policy** to broaden access

Sources: IQVIA Thought Leadership; Pharmaphorum: Novo Nordisk buoyed by outperforming oral Wegovy in Q1; IQVIA blog Your Questions Answered: Off-patent Semaglutide in 2026

The future for biosimilars

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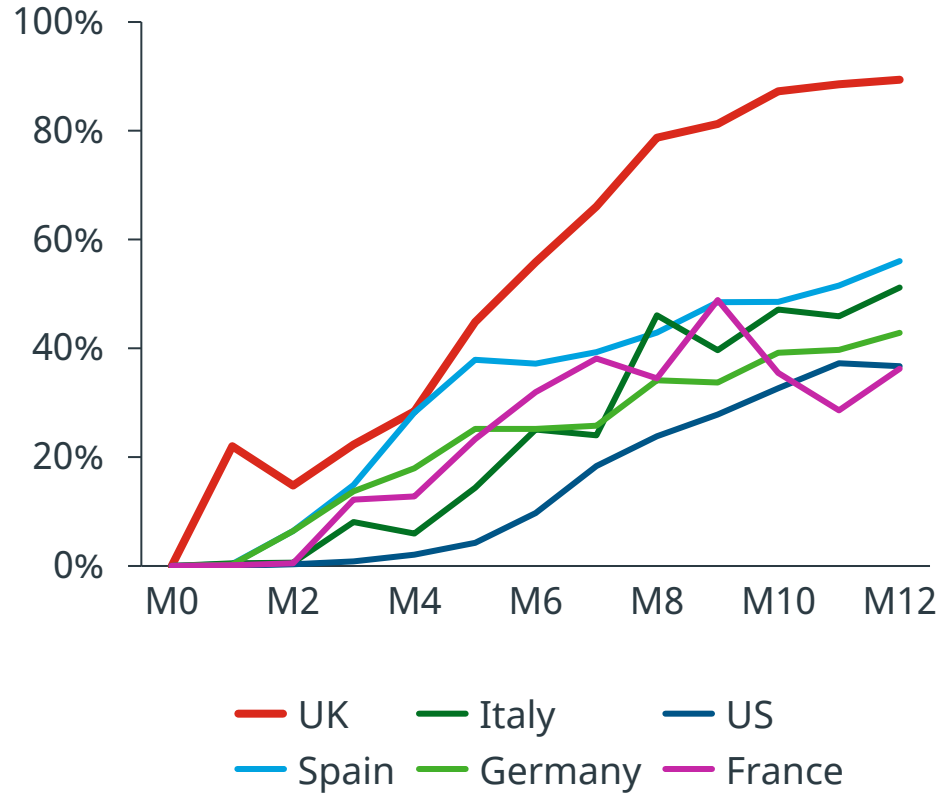
Europe remains the leading region for biosimilars, and the UK typically has one of the fastest uptake rates

Biosimilar market size
(List price, MAT Q3, Bn USD)

Ustekinumab biosimilar uptake rates
(Months from launch, treatment days, selected countries)

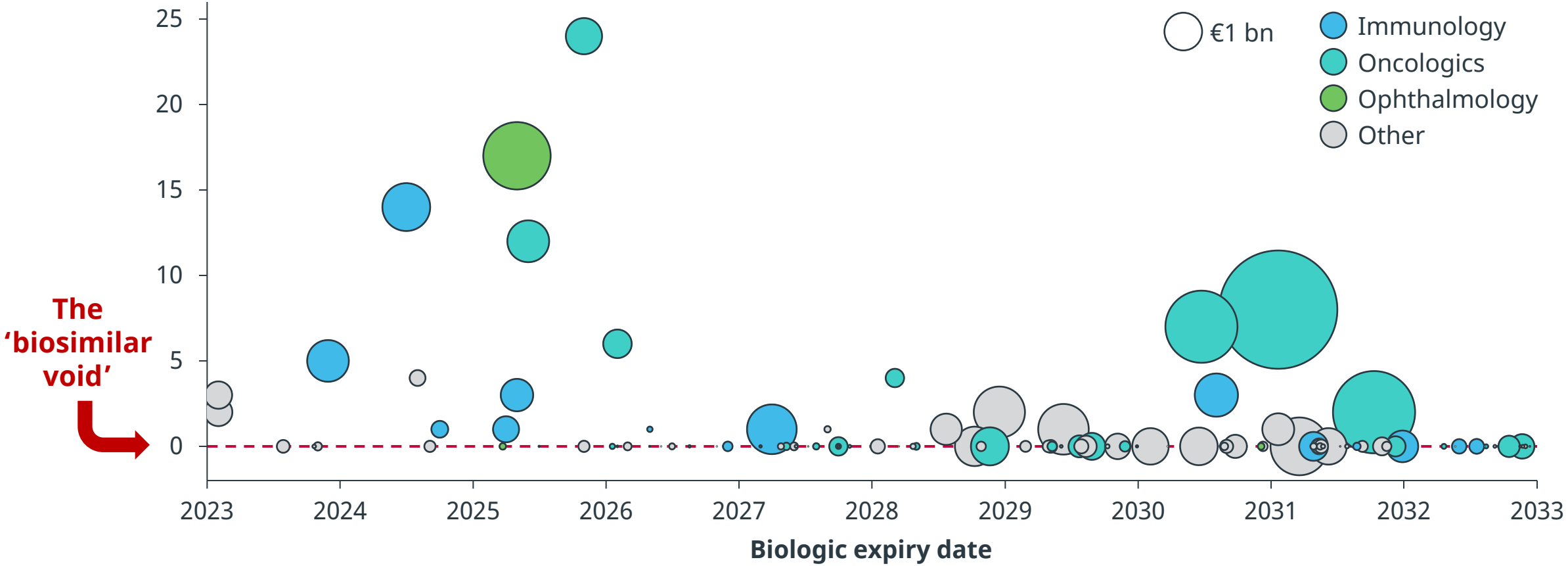


Notes: Sales at list prices and constant exchange rates; European market includes 27 countries (including Norway, Switzerland, UK)
Sources: IQVIA MIDAS Q3 2025, IQVIA MIDAS Dec 2025

However, a biosimilar void lies ahead

Over 70% of biologics facing LoE in 5y do not have a biosimilar in development

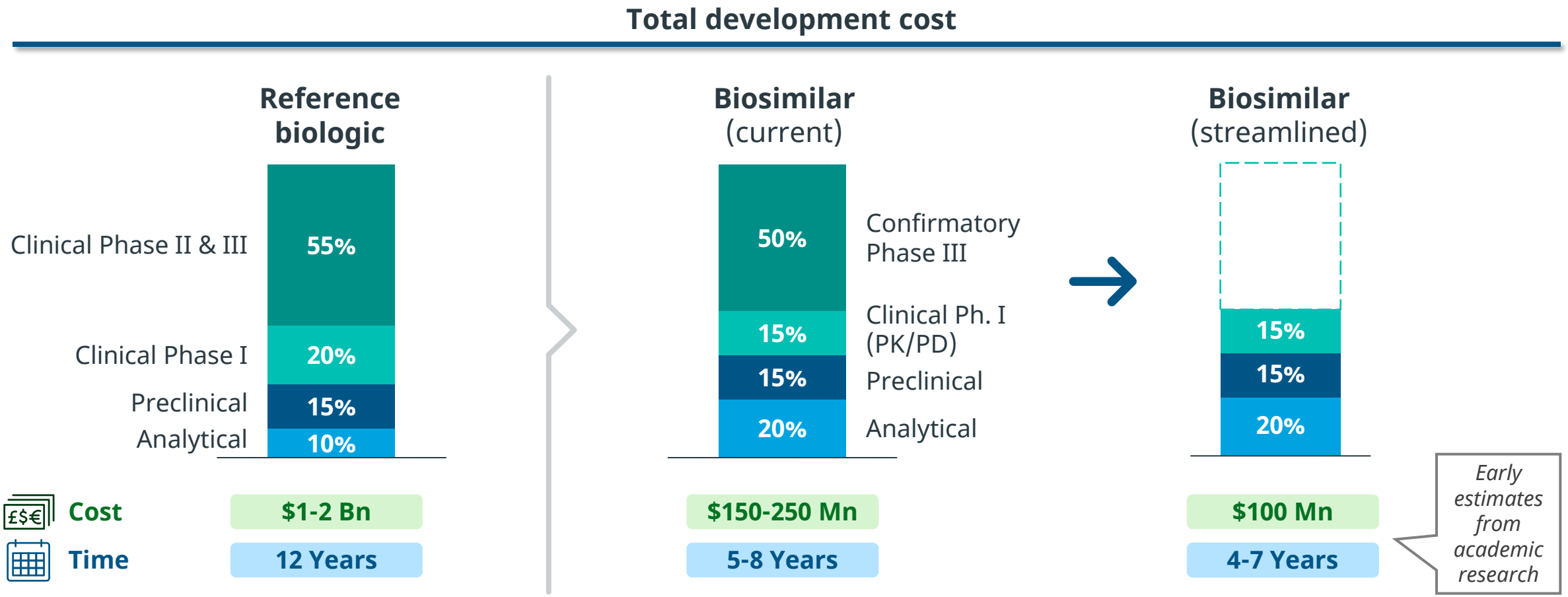
Number of biosimilars in the pipeline (Phase I and above, Q2 2023)



Source: IQVIA MIDAS; IQVIA Forecast Link; IQVIA Ark Intelligence; IQVIA Forecast Link, Q2 2023. Notes: Pipeline data only includes biosimilars in development (phase I to phase III, including pre-registration). No approved biosimilar is included in the analysis. Caveat: biosimilar pipeline data is based on publicly available information only.

Streamlining of the Bx approval requirements will unlock new opportunities, due to lower costs and faster time-to-market

Will this be enough to help address the biosimilar void?



Notes: The biosimilar development cost are estimated based on global development costs and not specific to therapy area or asset archetype, does not include regulatory fees
Source: IQVIA expertise and internal assessment; Comparison of the cost of development of biologicals and biosimilars, Evaluating Biosimilar Development Projects: An Analytical Framework Utilizing Net Present Value – PubMed, Production costs and potential prices for biosimilars of human insulin and insulin analogues | BMJ Global Health

Three key areas of change lie ahead, each leading to major considerations for NHS medicines procurement

Global influences on UK pricing & access

Global pricing policy influence and subsequent knock-on effects within UK medicines pricing, VPAG, NICE. UK hospital trends towards specialty medicines, with 10% growth in value vs -0.3% in volume.

Large pipeline of innovative therapies

Many complex therapies are in development, e.g. for oncology. These will require additional capacity and specialist capabilities from pharmacies that are already stretched.

Shifts in biosimilar development

Whilst the NHS typically achieves high biosimilar uptake, the approaching biosimilar void threatens to jeopardise this. However, new regulatory streamlining could help to incentivise biosimilar development again.

Source: IQVIA expertise

Thank you

Any questions?

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