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GLOBAL MEDICINE USE AND SPENDING FORECAST 2024-2028: A MALAYSIAN PERSPECTIVE ON EMERGING TRENDS AND OPPORTUNITIES

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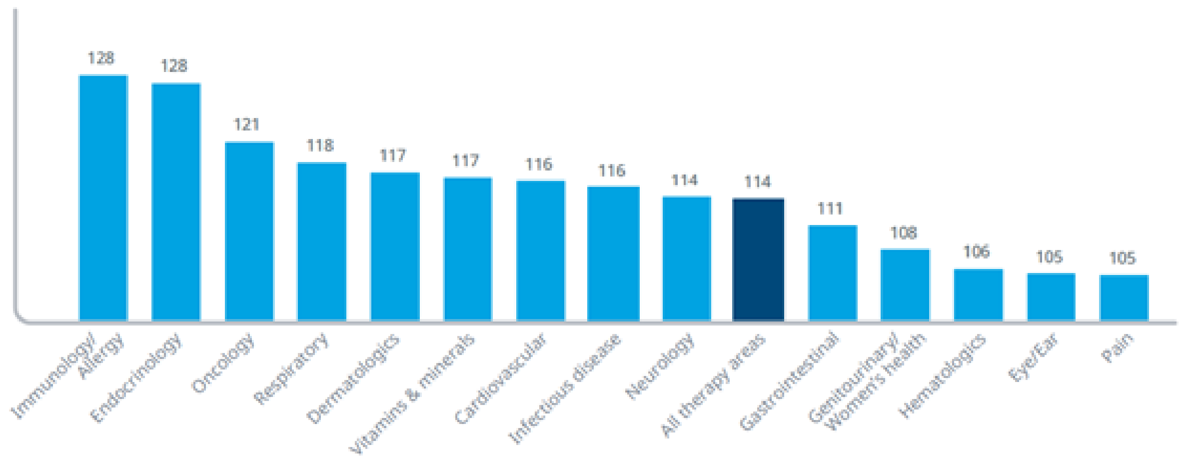
With the end of the COVID-19 public health emergency in 2023, global health focus has shifted towards the prevention and treatment of both communicable and non-communicable diseases. This shift has significant implications for countries like Malaysia, where the healthcare system is evolving to meet the increasing demand for innovative therapies. The past decade has seen the introduction of breakthrough therapies across multiple diseases, significantly transforming patient care. As a result, the forecast for global medicine use and spending through 2028 has been revised upward, despite a notable decrease in the projected demand for COVID-19 vaccines and therapeutics.

The primary driver of increased medicine spending over the next five years is expected to be the expanded availability and use of innovative therapeutics, particularly in developed markets. This growth is partially offset by the expiration of patents and the introduction of lower-cost generics and biosimilars. Traditionally, the greatest growth in innovative medicines has occurred shortly after their launch. However, recent trends and forecasts indicate a shift, with growth now being driven by older products. This trend suggests a movement towards more expensive therapies, reflecting improved patient access to high-value medicines with significant clinical benefits.

Medicine use has been growing across therapy areas since 2019, with highest growth in immunology, endocrinology, and oncology

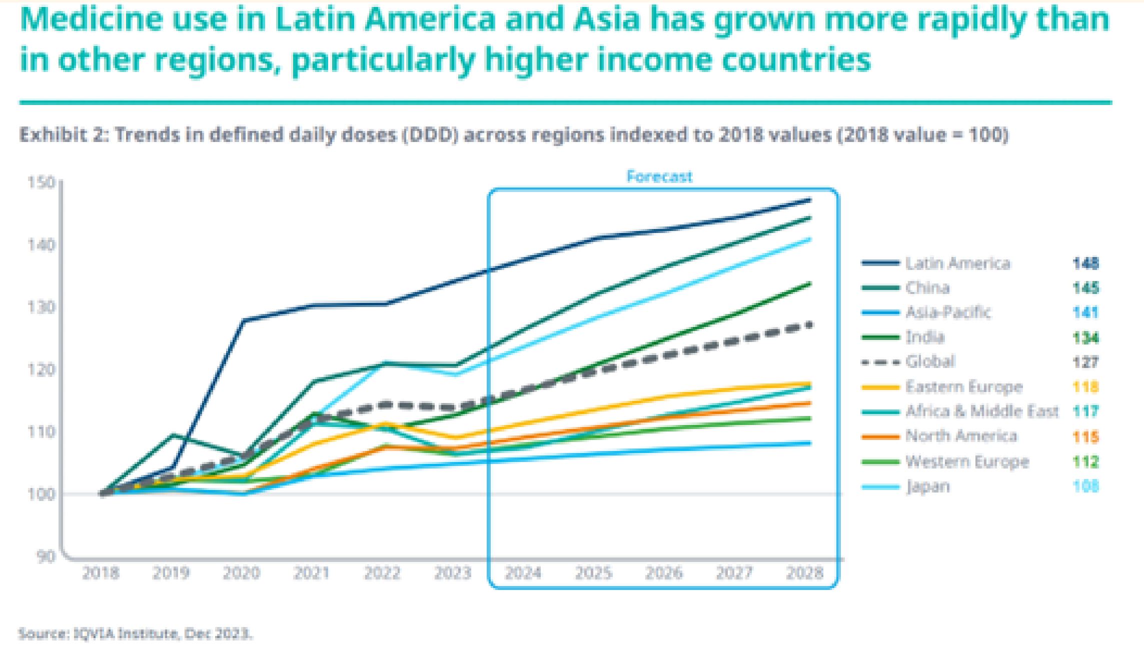
Exhibit 6: Defined daily doses (DDD) in 2023 across select therapy areas indexed to 2018 values (2018 value = 100)



Source: IQVIA MIDAS, Jun 2022; IQVIA Institute, Dec 2023.

The key findings from the IQVIA Institute report indicate a 2% increase in the growth outlook for medicine use, despite reduced expectations for COVID-19-related treatments. This rise is primarily due to the significant increase in patient access to new medications has led to increased usage in immunology, endocrinology, and oncology. Immunology has benefited from wider availability of various biologic and small molecule therapies, though these treatments often remain less accessible in lower-income countries. In endocrinology, particularly in therapies for hormonal regulation and diabetes, growth in therapy days has been twice the global average. Oncology, the most significant area by spending, has seen a 21% increase in treatment volume over the past five years, averaging a 3.9% annual growth rate, which exceeds population growth and reflects longer and more frequent cancer treatment durations.

Regions like Latin America and Asia are projected to experience faster growth in medicine use compared to other areas over the next five years. The global use of medicines increased by 14% over the past five years, with a further 12% increase anticipated by 2028, bringing the annual use to approximately 3.8 trillion defined daily doses. Furthermore, global spending on medicines, calculated using list prices, grew by 35% over the past five years and is expected to increase by another 38% through 2028. In the United States, the outlook for medicine spending, based on estimated net prices, has been adjusted upward by 3 percentage points to a compound annual growth rate (CAGR) of 2-5% through 2028. This adjustment reflects higher recent growth and expected increases in patient use of high-value therapies.



Regionally, the highest volume growth in medicine use over the next five years is expected in China, India, and the Asia-Pacific region, all surpassing a 3% CAGR. In contrast, lower volume growth is anticipated in higher-income regions such as North America, Western Europe, and Japan, which already have established healthcare systems and access to medicines.

The impact of the COVID-19 pandemic on medicine spending was marked by short-term disruptions in 2020, followed by a rebound in 2021 and a correction in 2022. While spending on COVID-19 vaccines and therapeutics is declining in 2023 and is expected to continue to do so, overall growth in medicine spending is being bolstered by non-COVID-19 therapies, raising the five-year outlook by 2%.

Looking ahead, global medicine spending is projected to accelerate, driven mainly by existing branded products. New brands in the top 10 developed markets are expected to contribute $193 billion in growth, a $40 billion increase from the past five years. Patent expirations, leading to loss of exclusivity for certain drugs, particularly biologics facing competition from biosimilars, is expected to contribute significantly to this growth, despite the uncertainties associated with these impacts.

Regions worldwide are experiencing varied trends in spending and volume growth, with some regions driven more by volume increases and others by the adoption of innovative products. For instance, countries in North America, Eastern and Western Europe, Latin America, and the Middle East are expected to see more than a 30% increase in spending growth, driven by both population growth and a shift towards more expensive therapies. In China, pharmaceutical spending and volume are expected to grow by 21% and 20%, respectively, reflecting a continued focus on expanding access to novel drugs through the national reimbursement drug list (NRDL).

Among therapy areas, oncology, immunology, diabetes, and obesity drugs are predicted to be the major contributors to growth over the next five years, driven by a steady influx of innovative products. However, growth in many therapy areas is expected to slow compared to the previous five years. Notably, lipid regulators, which have been in decline since leading products lost exclusivity a decade ago, are expected to see renewed growth with the introduction of new therapies.

For Malaysia, the outlook underscores both challenges and opportunities. As the country works to improve patient access to innovative treatments, there will be a growing need for policy and healthcare infrastructure advancements to support this transition. Additionally, the rise in healthcare spending emphasises the importance of wise allocation of limited resources, and the healthcare system to ensure sustainable growth and equitable access to new, potentially life-saving medicines.

Source: The IQVIA Institute report: The Global Use of Medicines 2024: Outlook to 2028

ABOUT THE AUTHOR

Prior to joining UiTM, Dr. Choon was an academic and health economics researcher at Monash University Malaysia. She sat on national-level steering committees, including the Dasar Ubat Nasional (DUNas), Program Perkhidmatan Farmasi and Jawatankuasa Penyelidikan Klinikal Kebangsaan (JPKK) under the Ministry of Health. She also serves on various advisory boards for multinational pharmaceutical companies. Her passion lies in improving patient access to life-saving innovative medicines in Malaysia.

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