Novartis Position on the Revision of the EU Orphan & Paediatric Regulation

At Novartis our mission is to reimagine medicine to improve and extend patients' lives. We work closely with competent authorities to ensure patients have timely access to our life-saving medicines.

Novartis is committed to rare disease and paediatric patients

Novartis recognizes the significant unmet need in diagnosis and treatment and is **committed to bringing new medicines to rare disease and paediatric patients**. Over the years we have developed many rare disease products, which has earned us the recognition of patient organizations, including the EURORDIS Company Award for Innovation.[1] Novartis was the first pharmaceutical company to register a CAR-T therapy, which transformed the treatment of certain rare and paediatric cancers.[2]

Novartis currently has **25 EU orphan designations**, including marketed products for nine orphan diseases. Novartis is a **leader in paediatric clinical studies in Europe**,[3] and has developed many paediatric medicines, including in oncology, immunology, cardiovascular & metabolic, neurosciences, and ophthalmology. We want to continue serving paediatric and rare disease patients and have **devoted significant R&D resources** to the development of new medicines.

The EU Orphan and Paediatric Legislations have benefitted many patients

While science guides our research, the Orphan & Paediatric Regulations have given us predictability in our investment decisions. Many studies, including those commissioned by the EU,[4] have found that **the regulations have contributed significantly to the development of new orphan and paediatric medicines**. The **current criteria and incentives have been clear and effective**; restricting them or tying them to new requirements risks excluding patients.[5]

While the Orphan Regulation provides incentives for new development, the Paediatric Regulation provides an obligation for companies developing products for adults to evaluate them for use in children. Companies receive a reward (six months of SPC extension)[6] to partially compensate for the additional development costs only when the obligation has been fulfilled. While the Regulation is not perfect, Novartis believes that full implementation of the **3-year action plan for Paediatric Regulation formulated by the EC and EMA** in 2018 will address many of its shortcomings.

A high-level forum to help Member States address access challenges

Novartis shares the concerns for uneven availability and access to medicines throughout Europe, problems that are not unique to orphan and paediatric treatments. **Access challenges are linked to Member States' public health and budgetary priorities and procedures**, and often made worse by reference pricing and parallel trade. Novartis works with payers and other stakeholders in every country to find **sustainable access solutions**. We believe that patient access is best addressed at country level, outside the EU Orphan and Paediatric Regulations. **A high-level forum at EU level** that includes Member States as well as public and private stakeholders could help effectively tackle this problem.

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[1] Novartis received the 2018 EURORDIS Company Award in recognition of our work for rare disease patients.

[2] Kymriah® was approved in the EU in 2018 for the treatment of paediatric B-cell acute lymphoblastic leukaemia and diffuse large B-cell lymphoma.

[3] IMI2 Industry Benchmark Survey in 2019: Novartis had 41 paediatric studies in Europe, more than twice as many as any other biopharma company.

[4] Study to support the evaluation of the EU Orphan Regulation, European Commission, Final report July 2019.

[5] The vast majority of the ~6000 known rare diseases affect very few patients; an estimated 84% affect less than 1 in 1,000,000 people (Wakap et al., Estimating cumulative point prevalence of rare diseases: analysis of the Orphanet database, Europ J Human Genetics vol 28, 2020).

[6] Orphan designated products benefit from 2 years of additional market exclusivity, instead of Supplementary Protection Certificate (SPC) extension.

Recognition of value in healthcare is an important incentive

Developing products for few patients is difficult and often economically unsustainable. While incentives can help spur development, they are insufficient on their own. Receiving **adequate reimbursement in line with the value a novel therapy provides to patients, the healthcare system and society** is an equally important determinant of healthcare innovation. Similarly, the development of child appropriate formulations requires that the value of those medicines is recognised, and that they are prescribed and reimbursed. Requiring pharma companies to reveal their R&D or manufacturing costs, on the other hand, does not incentivise nor reward value for patients; linking price with costs would create bureaucracy and reward inefficiency.

A fit-for-purpose regulatory system will benefit all stakeholders

An **agile regulatory system** that is **adapted to scientific and technological developments**, embraces data and digital, could result in faster authorization of medicines and benefit everyone: patients, healthcare systems, and the industry. **The pandemic showed what is possible when regulators and developers cooperate.** Global regulatory convergence is also important in the development of paediatric and orphan medicines. **Closer alignment of evidence and acceptance standards between EMA and HTA agencies** could also help ensure biomedical innovation meets the needs of patients and society.

Novartis supports modulation of orphan incentives

Novartis supports a **simple system of orphan incentives with some modulation** that takes into account the specific challenges related to a given type of development (e.g. new active substance, new indication, repurposing) and/or level of unmet need (e.g. first-in-condition). Novartis supports reducing market exclusivity of repurposed and well-established use products. At the same time, products for underserved patient needs should receive additional exclusivity.

Novartis supports Mechanism-of-Action Paediatric Investigation Plans

The Commission has proposed mechanism of action (MoA)-based paediatric investigation plans (PIPs) to stimulate the development of medicines for paediatric diseases, where the disease is not based on the adult indication, but on the way the medicine can address the cause of a paediatric disease. **Novartis supports the use of MoA PIPs**. We look forward to establishing how best to leverage them for addressing paediatric unmet needs in a scientifically sound way.

Incentives to innovate help preserve Europe's competitiveness

The COVID-19 pandemic has shown how important a **strong biopharmaceutical innovation ecosystem** is to respond quickly to health crises. Industry showed that it can **bring innovation to patients very quickly** when there is an urgent need and **with the right economic and regulatory frameworks** (strong product demand and a supportive regulator) in place.

Novartis believes **incentives for innovation are an integral part of a strong innovation ecosystem**.[7] We are concerned by any initiatives that could undermine R&D investments and reduce predictability of the incentives. Any legislative change needs to **ensure that Europe remains competitive, supportive of innovation and attractive for investments**, **in addition to providing fast access for as many patients as possible**. We view the Orphan and Paediatric Regulations in the broader context of the EU pharmaceutical legislation and industrial strategy. While Europe remains a leader in pharmaceutical innovation and manufacturing, it is losing ground to the US and China. In the area of advanced therapies, such as cell & gene therapies, the European Union has fewer company startups and hosts fewer clinical trials, to the detriment of EU patients and workers.

We see **opportunities to increase the effectiveness of the Orphan and Paediatric Medicines Legislation** and are ready to engage with the Commission and other stakeholders on concrete proposals that meet the needs of patients and the European healthcare sector.

[7] A strong innovation ecosystem also requires support of basic research, strong intellectual property rights, a supportive and predictable regulatory system, and the right economic incentives.