Pricing and Reimbursement Strategies for Diagnostics

Overcoming reimbursement issues and navigating the regulatory environment

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The reimbursement of diagnostics is a key consideration for both diagnostic providers and payors because while 5-7% of the hospital cost is incurred through the use of diagnostics, they are used in around 70% of healthcare decisions. Developing an optimum price especially with respect to emerging diagnostic technologies such as molecular diagnostics has been very challenging as evidence-based pricing does not suffice for such technologies. This complicates the scenario for early movers in diagnostics. However, there has been an on-going issue with respect to existing technologies, as companies have an immense need to re-consider their pricing strategies to deal with cost and demand versus reimbursement issues. Hence, it is crucial to identify the best pricing strategies to maintain reimbursement for innovative diagnostics.

“Use this report to gain an understanding of the existing, and novel pricing strategies for healthcare diagnostic equipment...”

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Key findings

A procedure has a higher chance of getting 
insurance coverage, if it reduces the overall 
treatment costs.

The recent reduction made by the CMS in the 
reimbursement amount for non-facility units is 
expected to impact the diagnostic devices market 
especially in the form of a lack of innovation.

Reimbursement structures are restraining the 
growth of innovative technologies such as 
molecular diagnostics.

An OEM’s pricing is fundamentally based on 
its desired Return-on-Investment and the 
overall cost of manufacturing its equipment.

Fair Value Pricing and Risk Sharing Pricing are 
the new methods of pricing within healthcare 
diagnostics.

Use this report to...

• Understand the existing structures for 
  reimbursement of healthcare diagnostic 
equipment in developed markets.

• Understand the existing pricing structures 
  for healthcare diagnostic equipment for 
developed markets.

• Understand the role of various factors 
  impacting the price of healthcare diagnostic 
equipment.

• Understand the evolution of pricing 
  strategies in recent times within healthcare 
diagnostic equipment.

• Gain a complete understanding of changing 
times within pricing with respect to 
reimbursements.

Figure 4.16: Value-based pricing & reimbursement

“Value-based pricing is currently the most commonly 
employed pricing strategy by the market leaders. Pricing is 
based on the perceived value of the product and to 
successfully gain reimbursement the manufacturer must 
understand how customers/payors measure value. 
Understanding areas of unmet need and fulfilling these is a 
key process for manufacturers to undertake if they are to be 
able to justify a premium price.”

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The healthcare diagnostics industry is currently facing the issue of a lack of reimbursement for various innovative procedures which can be considered critical to patient diagnosis.

This lack of reimbursements has started to affect the market negatively and the major markets in developed economies are seeing a negative to flat growth rate.

Various end users are using this opportunity to depress the prices of healthcare diagnostic products even further; this may lead to a reduction in the size of the industry.

Various countries in Europe have their own reimbursement structure and policies with respect to various procedures. This is creating lot of bureaucratic and pricing hurdles for OEMs.

Various governments in Europe are changing their reimbursement policies with respect to new products launched within the healthcare diagnostic industry.

Explore issues including...

Discover...

- What is the existing reimbursement structure within the major markets in healthcare diagnostics?
- What are the existing pricing strategies employed by healthcare diagnostic Original Equipment Manufacturers (OEMs)?
- How do the OEMs of healthcare diagnostic equipment price their products considering reimbursement policies across the world?
- What are the possible drawbacks of recent changes in reimbursement policies across the globe?
- What is the impact of current reimbursement policies over the pricing of healthcare diagnostic equipment?
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