

GSK Public policy positions

Tiered pricing and vaccines

The issue

The global challenges facing access and delivery of vaccinations are multifaceted, whether it is the lack of infrastructure to deliver the vaccines to those in greatest need or lack of political will of governments to invest in national immunisation programmes.

Pricing however is also a factor and for more than twenty-five years GSK has adopted a tiered pricing policy for our vaccines whereby we ask countries to pay different prices based on their differing income levels rather than a single flat rate.

GSK's 'tiered' approach to public sector pricing has been extremely successful in broadening access to vaccines. In 2018, we sold 770 million doses of vaccine around the world. 70% of our vaccines go to developing countries and we distribute around 2 million vaccine doses per day to over 150 countries which reflects our commitment to global health and supporting access to our products. Around 40% of the world's children are immunised against at least one vaccine preventable disease with a GSK vaccine

This paper summarises GSK's public market pricing model which is driven by the key principles of affordability and sustainability.

GSK's position

- The public health benefits of vaccines are undeniable; it is estimated that every year they prevent up to 3 million deaths and save 750,000 children from disabilities.
- GSK was one of the first vaccine companies to adopt a public sector tiered pricing (TP) approach.
- Our policy is based on the principle of affordability: as levels of national income rise we ask countries to pay higher prices; and on the principle of sustainability, ensuring we are able to continue supplying high quality vaccines to all who need them for as long as they are needed.
- Our 'tiered' model is based on four widely recognised World Bank GNI country classifications of High Income, Upper Middle Income, Lower Middle Income and Low Income. Price ceilings and price floors exist for each tier, with ceilings and floors progressively decreasing through the tiers from High to Low Income countries.
- Countries supported by Gavi, the Vaccine Alliance have access to GSK's lowest prices. Furthermore, as the GNI of countries increase and countries "graduate" out of Gavi support, GSK has committed that these countries will continue to have access to GSK's lowest price for 10 years from the time of graduation.
- Tiered pricing has a vital role to play in facilitating the production and reliable supply of effective, high-quality and safe vaccines, as well as in supporting the continuous development of new vaccines including malaria, and Tuberculosis (TB).
- GSK does not publish specific prices relating to the different tiers due to commercial sensitivities. We offer vaccine donations in times of natural disasters or global healthcare emergencies. However, we do not see product donations as a sustainable response to the medical needs of developing countries.
- A tiered pricing policy, which guarantees highly discounted prices for countries most in need and least able to pay enables transparent and sustainable access to vaccines. We believe this is a more appropriate response than product donations.
- In 2017, GSK committed to providing our pneumococcal vaccine at our lowest global price through the WHO Humanitarian Mechanism to CSOs that fund and deliver immunisation programmes for refugees and displaced populations. For more information, please consult our [CSO and Vaccine Procurement](#) policy.

Vaccines and Global Health

Immunisation is one of the most successful and cost-effective health investments in history. Vaccines are recognised as one of the “best buys” in global health when considering the broader benefits of people living longer, healthier lives, the return on investment rises to US\$ 48 per US\$ 1 spent in low and middle income countries.¹

Vaccines have protected billions of people from vaccine preventable diseases that impact populations across the globe. For example, smallpox was eradicated in 1979 and experts have suggested that vaccines have saved about 20 million lives in the last two decades.²

GSK and tiered pricing

GSK was among the first vaccines companies to adopt a tiered pricing policy. For over twenty-five years we have operated a business model designed to meet medical needs and increase the public health benefits of vaccination. Our model has been guided by four key principles:

1. **Availability** – we seek to make GSK vaccines available, wherever possible, to all countries that need them.
2. **Affordability** – we seek to set vaccine prices at levels that allow patients across all income levels to access products, regardless of whether the payor is a government, a supranational organisation, individual or other customer
3. **Quality** – we provide the same products at the same quality level no matter where they are supplied
4. **Sustainability** – we aim to operate in a way that allows the business to continue to supply innovative, high quality vaccines.

GSK use of World Bank GNI

The World Bank classifies countries into four tiers based on GNI per capita: High Income Countries (HIC), Upper Middle-Income Countries (UMIC), Lower Middle-Income Countries (LMIC), and Low-Income Countries (LIC). As of 1 July 2018, low-income economies are defined as those with a GNI per capita of \$995 or less; lower middle-income economies are those with a GNI per capita between \$996 - \$3,895; upper middle-income economies are those between \$3,896 - \$12,055; and high-income economies are those with a GNI per capita of \$12,055 or more.

GSK's commitment to Gavi

Gavi, the Vaccine Alliance, is a non-profit public private partnership that improves access to vaccines by facilitating the purchase, introduction and scale up of vaccines in the 58 poorest countries. It creates an attractive and sustainable vaccines market for suppliers by combining the demand of 58 Gavi eligible countries and guarantees long-term, predictable funding from developed country governments, private sector donors and foundations– for the purchase of vaccines. UNICEF acts as the procurement agent.

We started our partnership with Gavi in 2001, supplying a pentavalent DTP combination vaccine. Today GSK is the only company that provides Gavi with pneumococcal, rotavirus and cervical cancer vaccines and we have delivered more than 600 million doses of these vaccines to Gavi since 2010, of which 120 million doses were delivered in 2018.

We offer the lowest price to countries supported by Gavi, enabling the poorest to have access to safe and effective vaccines. In 2015, to safeguard their vaccination programmes, we introduced a 10-year price freeze for those countries graduating from Gavi, as their GNIs increase.

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¹ Ozawa S, Clark S, Portnoy A et al. Return on investment from childhood immunizations in low- and middle-income countries, 2011-20, Health Affairs 2016.

² <https://www.who.int/bulletin/volumes/86/2/07-040089/en/>;