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Understanding international reference pricing

A price published in one market can influence reimbursement and pricing decisions in many others

International reference pricing (IRP), also called external reference pricing (ERP), is used in 30+ countries to link medicine prices across markets. Countries may use prices from other markets to inform, cap, or revise local prices.

Download the white paper, "**The foundations and implications of IRP**", to align sequencing strategies and identify IRP risk.

Download the white paper

How IRP differs by market

Not all markets carry equal weight. Highly referenced markets can become price anchors that shape downstream pricing and reimbursement decisions.

6 factors that shape IRP rules across countries

1

Reference price basis
Which price is referenced, such as ex-manufacturer, wholesale, retail, or reimbursed or net price[1]

2

Product scope
Which products are included, such as originator, generics, biosimilars, hospital use, or outpatient use[2]

3

Basket composition
Which countries are referenced and how many

4

Pricing formula
How is the price calculated, such as lowest, average, or another method[3]

5

Revision frequency
How often prices are re-referenced, from six months to five years

6

Exchange-rate method
How prices are converted into a common currency for comparison

5 key touchpoints where IRP can shape launch decision

IRP risk builds across the launch pathway, often before price publication and long after launch:

1 **Launch preparation:** Set governance and sequencing before approval

2 **HTA and pricing submissions:** Avoid anchoring low prices before high-leverage markets establish a reference point

3 **Initial pricing decision:** Align timing across markets to reduce downstream pricing constraints

4 **List price publication:** Treat first publication as a high-impact global pricing signal

5 **Post-launch re-referencing:** Monitor key cycles to help limit price erosion over time

IRP is not a single event. It is a launch and lifecycle risk.

Build an IRP-resilient launch plan

Key actions to strengthen launch sequencing and reduce downstream risk.

Launch planning

- Pressure-test pricing in highly referenced markets **before first publication**
- Prioritize launch sequencing to manage **early price visibility**
- Use **early access pathways** strategically where they may affect price visibility

Key risks to monitor

- **Low-price markets** that can compress the pricing corridor
- Frequent re-referencing cycles that can drive **price erosion**
- Downstream effects of **discounts** and **confidential arrangements** on reference dynamics

Practical launch tactics

- Sequence launches to delay low-price anchors
- Track **reassessment triggers** and governance checkpoints
- **Stay ahead** of evolving IRP legislation and policy shifts

Connect with Cencora

Connect with Cencora experts to develop pricing and launch strategies that account for IRP risk across markets.

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Sources

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