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The biosimilar decade:

Regulatory milestones and a look ahead

The promising future for biosimilars 10 years after the industry's first FDA approval

Since the first FDA approval of a biosimilar drug in March of 2015, the market for this category has steadily expanded to include more than 60 different products from dozens of manufacturers.[1] In the following timeline, Cencora presents the key regulatory events that have helped this critical industry gain its footing over the last decade. With continued growth in the biosimilars market, we also look ahead to the factors we believe will be most important to its future success.

On March 6, 2015, the FDA cleared the way for Sandoz, Inc. to manufacture Zarxio (filgrastim-sndz).[2] Zarxio made it to market in the wake of the passage of the Biologics Price Competition and Innovation Act (BPCIA), that had gone into effect five years earlier.[3] The law provided a pathway for the biopharma company to produce Zarxio because it had successfully demonstrated that its product was highly similar to Neupogen, a drug launched by Amgen in 1991.[4]

The approval signaled the beginning of an era: Moving forward, as more biosimilars came to market, healthcare providers and patients could have access to safe and effective biologic medications that successfully demonstrate no clinically meaningful differences to their reference products, and at reduced price points.

At Cencora, we believe in the promise of biosimilars to deliver cost savings across healthcare. We also understand the potential hurdles these products face, and that's why we offer solutions to help manufacturers bring them to market. Here, we take a look at the key regulatory developments since Zarxio's approval 10 years ago.[5] There's much to learn from this decade of progress, and much for manufacturers to apply as they navigate the biosimilars marketplace in the future.

100%

Cencora has provided distribution services for every biosimilar on the U.S. market.

$12.4B

Estimated healthcare saving due to the use of biosimilars in 2023.[6]

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10 years of biosimilars

Prior to 2015, the FDA set the stage for the biosimilar market with two critical regulatory milestones.

2010

Congress passes the Biologics Price Competition and Innovation Act (BPCIA)

According to the FDA, the BPCIA creates "an abbreviated approval pathway for biological products shown to be highly similar (biosimilar) to, or interchangeable with, an FDA-licensed reference biological product."[7]

2014

FDA issues its first guidance on biosimilars, "Reference Product Exclusivity for Biological Products Filed Under Section 351(a) of the PHS Act"

The draft guidance clarifies that a biosimilar 351(k) can be submitted after a brand 351(a) has been licensed for four years, and can be approved after the brand has been licensed for 12 years.[8]

2015

FDA APPROVES ZARXIO, THE FIRST APPROVED BIOSIMILAR IN THE UNITED STATES

2016

FDA issues final guidance, "Scientific Considerations in Demonstrating Biosimilarity to a Reference Product"

The document provides insight on the agency's approach to determining biosimilarity.[9]

FDA issues draft guidance, "Labeling for Biosimilar Products"

The document provides assistance to manufacturers developing the prescribing information included on package inserts.[10]

After the first approval, further regulatory developments and changes in reimbursement provided more stimulus for the biosimilars market.

2017

The Centers for Medicare and Medicaid Services (CMS) issues policy on biosimilars reimbursement

In two final rules pertaining to how biosimilars will be reimbursed under Medicare Part B, the agency states that such medications will receive their own billing codes and payment rates beginning in 2018.[11]

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2018

Biosimilars are given unique Healthcare Common Procedure Coding System (HCPCS) codes[12]

Medicare Part B establishes a 6 percent add-on payment for biosimilars

The new policy means that biosimilars will be reimbursed based on their own average sales price (ASP) plus 6 percent of the reference product ASP.

Add-on payments

Add-on payments for biosimilars are additional reimbursements to healthcare providers to encourage the use of biosimilars over reference biologic products. These payments are designed to help offset the cost difference when a biosimilar has a lower average sales price (ASP) than the original product.[14]

The Inflation Reduction Act (IRA) currently stipulates that as long as a biosimilar's ASP is lower than that of its reference product, the biosimilar must be reimbursed at its ASP plus 8 percent of the reference product's ASP. The goal is to increase competition in the market, improve access to treatments, and decrease costs for patients and taxpayers.[18] After 2027 and the expiration of the 8 percent add-on payment, continuation of the payment will likely be revisited pending the impact it has had on biosimilar uptake.[19]

2019

FDA issues final guidance, "Considerations in Demonstrating Interchangeability with a Reference Product: Guidance for Industry"

The document is meant to help manufacturers of therapeutic protein products successfully submit marketing applications or supplements to the agency.[13]

Interchangeability

The interchangeability designation applies to biosimilars that can be substituted for their reference product without approval from the prescribing healthcare provider. For a medication to be designated as interchangeable by the FDA, it first has to meet the same high standards of any other biosimilar. In addition, the agency has historically required switching studies to assess whether a proposed biosimilar can be safely substituted for its reference product.[18]

But a draft guidance document issued in 2024 indicates that soon this may no longer be the case. In its guidance, the agency notes that "experience has shown that for the products approved as biosimilars to date, the risk in terms of safety or diminished efficacy is insignificant following single or multiple switches between a reference product and a biosimilar product."[20]

In the future, FDA may do away with the interchangeability designation altogether. While the change would require legislation, if it happens, the agency would be in good company. In Europe, for example, the European Medicines Agency and the Heads of Medicines Agencies consider all approved biosimilars to be interchangeable.[21] The bottom line: The guidances that the agency plans to publish in 2025 should clarify the future of the designation.

2022

A provision of the IRA increases add-on payments for biosimilars to 8 percent through 2027

CMS explains the adjustment is intended "to increase access to and utilization of biosimilars and promote competition in the marketplace."[14]

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2023

FDA issues draft guidance, "Labeling for Biosimilar and Interchangeable Biosimilar Products"

The document provides recommendations for how products should be labeled to ensure clarity, transparency, and consistency in communications to prescribers and patients.[15]

FDA issues a memorandum discussing determination of "expiration of first interchangeable exclusivity"

The memo details the agency's interpretation of exclusivity timelines.[16]

2025

Further FDA guidance on biosimilars is expected

FDA's Center for Drug Evaluation and Research (CDER) Guidance Agenda includes "Exclusivity for First Interchangeable Biosimilar Biological Products" and "Scientific Considerations in Demonstrating Biosimilarity to a Reference Product". These pending documents and others should provide additional clarity around regulatory considerations, as well as help with the biosimilar approval process.[17]

Approval process

The high cost of clinical trials, which are currently required for biosimilar approvals, has led manufacturers and advocacy groups like the Association for Accessible Medicines to argue these trials are limiting the industry's growth.[22] The expense, they've pointed out, causes manufacturers to focus on branded biologics with substantial sales potential instead of those medications where the return on investment may be uncertain. Reducing development costs would incentivize manufacturers to create more biosimilars across different therapeutic areas, expanding the healthcare savings these medications provide.

The good news is the FDA recently indicated that it's open to potentially approving biosimilar filings in the absence of full Phase 3 clinical trial data.[23] The agency hasn't announced any official policy changes, but manufacturers have become increasingly hopeful it could do so in the near future.

A market primed for growth

If the past 10 years are any indication of what's in store for biosimilars down the road, manufacturers can look forward to continued industry growth — and continued support from government agencies. Expect to see further FDA guidance, in particular, and especially regarding changes to the interchangeability designation and the need for phase 3 trials within the biosimilar approval pathway.

Cencora will remain a reliable partner to those manufacturers that are committed to biosimilars, offering market access consulting, distribution solutions, and patient support program services, as well as the **Biosimilar Hub on the FormularyDecisions® platform**. Cencora will continue to be there for each new biosimilar to emerge in the future.

We are here to support the biosimilars market

Cencora's FormularyDecisions platform helps healthcare decision-makers (HCDMs) stay informed about upcoming regulatory changes and other important updates. With its Biosimilar Hub, HCDM users responsible for **more than 250 million lives** covered by pharmacy benefit managers are using FormularyDecisions to access information on biosimilars. Learn more about FormularyDecisions.

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