

## The Selectivities of Pharmaceutical Spending Containment: Social Profit, Incentivization Games and State Power

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**Abstract :** State government spending on pharmaceuticals stands at 1 trillion USD globally, promoting criticism of the pharmaceutical industry's monetization of drug efficacy, product cost overvaluation, and health injustice. This paper elucidates the mechanisms behind a state-institutional response to this problem through the sociological lens of the strategic relational approach to state power. To do so, 30 expert interviews, legal and policy documents are drawn on to explain how state elites in New Zealand have successfully contested a 30-year "pharmaceutical spending containment policy". Proceeding from Jessop's notion of strategic "selectivity", encompassing analyses of the enabling features of state actors' ability to harness state structures, a theoretical explanation is advanced. First, a strategic context is described that consists of dynamics around pharmaceutical dealmaking between the state bureaucracy, pharmaceutical pricing strategies (and their effects), and the industry. Centrally, the pricing strategy of "bundling" -deals for packages of drugs that combine older and newer patented products- reflect how state managers have instigated an "incentivization game" that is played by state and industry actors, including HTA professionals, over pharmaceutical products (both current and in development). Second, a protective context is described that is comprised of successive legislative-judicial responses to the strategic context and characterized by the regulation and the societalisation of commercial law. Third, within the policy, the achievement of increased pharmaceutical coverage (pharmaceutical "mix") alongside contained spending is conceptualized as a state defence of a "social profit". As such, in contrast to scholarly expectations that political and economic cultures of neo-liberalism drive pharmaceutical policy-making processes, New Zealand's state elites' approach is shown to be antipathetic to neo-liberals within an overall capitalist economy. The paper contributes an analysis of state pricing strategies and how they are embedded in state regulatory structures. Additionally, through an analysis of the interconnections of state power and pharmaceutical value Abrahams's neo-liberal corporate bias model for pharmaceutical policy analysis is problematised.

**Keywords :** pharmaceutical governance, pharmaceutical bureaucracy, pricing strategies, state power, value theory

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