302 Panel: Integrating Prescription Drug Expenditures in New Payment Models: Challenges and Successful Strategies
Welcome

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“Value-based” payments for drugs

- **Evidence-based price contracts** link the price of a product to existing evidence of effectiveness and potential value for specific uses of that product.

- **Outcomes-based contracts** link payment for medical products to that product’s actual performance in a patient or a population. The arrangements can potentially allow payers, manufacturers, providers and health systems to align their financial stakes directly with the real-world outcomes of the medical product.
### Conceptual Framework for Value-Based Payment Arrangements for Medical Products with Select Examples

<table>
<thead>
<tr>
<th>Category 1</th>
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<th>Category 4</th>
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<tr>
<td><strong>Evidence-Based Price</strong>&lt;br&gt;Tied to expected value</td>
<td><strong>Linked to Prior Evidence</strong>&lt;br&gt;• Indication-specific pricing based on available evidence for new products&lt;br&gt;• Entresto – Novartis/Cigna and Aetna&lt;br&gt;• Effient – Eli Lilly/Humana</td>
<td><strong>Limited shift from FFS</strong>&lt;br&gt;<strong>3A: Limited Outcome-Based Rebate</strong>&lt;br&gt;• Symbicort - Astrazeneca/UPMC&lt;br&gt;• Repatha - Amgen/Harvard Pilgrim&lt;br&gt;• Repatha - Amgen/CVS&lt;br&gt;• Praluent - Sanofi-Regeneron/Cigna</td>
<td><strong>Substantial shift from FFS</strong>&lt;br&gt;<strong>4A: Partial Population-Based</strong>&lt;br&gt;• May include partial PMPM tied to performance for a population&lt;br&gt;• None</td>
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<td><strong>FEE-FOR-SERVICE</strong>&lt;br&gt;• Vast majority of CV drug volume&lt;br&gt;• Low co-pay generics (e.g. statins, diuretics, ACE inhibitors)&lt;br&gt;• Formulary tiers and utilization review to target use of more costly drugs</td>
<td><strong>Evidence-Based Price</strong>&lt;br&gt;Tied to expected value</td>
<td><strong>Outcomes-Based Contracts</strong>&lt;br&gt;Tied to patient/population outcomes</td>
<td><strong>4B: Fully Population-Based</strong>&lt;br&gt;• May include a subscription model: PMPM linked to outcomes across a population</td>
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### Source
Source: Duke-Margolis Value-Based Payment Consortium for Medical Products, 2018
Aligned provider, manufacturer, and patient value-based payment arrangements

Provider-focused models
- Quality reporting and clinical pathways
- Medical homes – primary and specialized
- Comprehensive episode payments
- Accountable care organizations
- At-risk provider organizations

Manufacturer-focused models
- Value-based payment
  - Indication-based pricing
  - Outcomes-based payment

Payers

Patient Impact
- Better patient outcomes
- Lower patient copays
- Lower overall costs of care

Aligned regulatory and operational infrastructure
Systems for tracking real-world evidence reliably
Shared outcomes measures
Implementation Challenges for New Payment Models for Prescription Drugs

- Defining “Higher Value”
- Alignment
- Administrative/Operational
- Regulatory
- Uncertainty and Risk
- Supporting Evidence
Panel Speakers

Surya Singh
Vice President & CMO for Specialty, CVS Health

Peter Juhn
Vice President, Global Value-based Partnerships, Amgen

Donna Cryer
President & CEO, Global Liver Institute
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https://hcp-lan.org/
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Thank You!