

*Partnering for the Future*



---

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

# Welcome



## **Mark McClellan**

*Director, Robert J. Margolis  
Center for Health Policy,  
Duke University*

Partnering for the Future

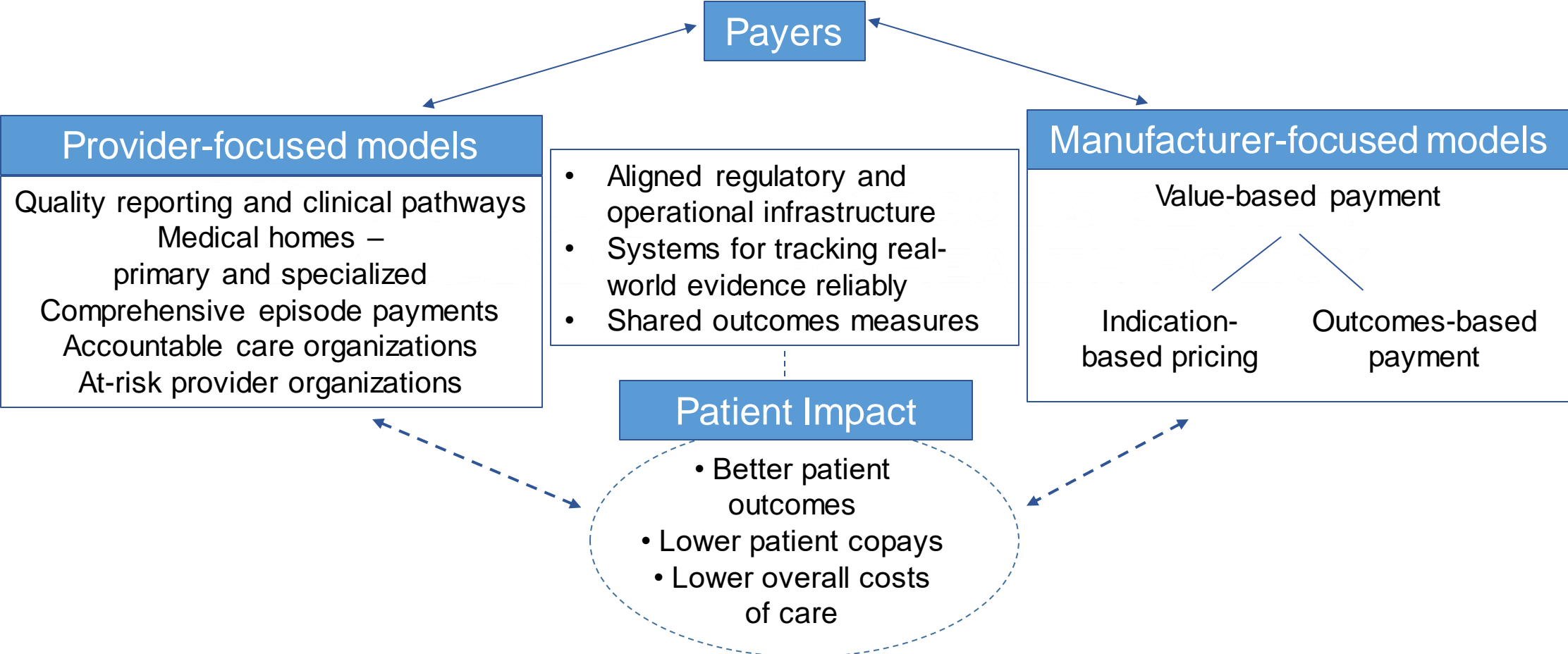
# “Value-based” payments for drugs

- **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

	Evidence-Based Price <small>Tied to expected value</small>	Outcomes-Based Contracts <small>Tied to patient/population outcomes</small>	
Category 1	Category 2	Category 3 <small>Limited shift from FFS</small>	Category 4 <small>Substantial shift from FFS</small>
<p style="text-align: center;"><b>FEE-FOR-SERVICE</b></p> <ul style="list-style-type: none"> <li>• Vast majority of CV drug volume</li> <li>• Low co-pay generics (e.g. statins, diuretics, ACE inhibitors)</li> <li>• Formulary tiers and utilization review to target use of more costly drugs</li> </ul>	<p style="text-align: center;"><b>LINKED TO PRIOR EVIDENCE</b></p> <ul style="list-style-type: none"> <li>• Indication-specific pricing based on available evidence for new products</li> <li>• Entresto – Novartis/Cigna and Aetna</li> <li>• Effient – Eli Lilly/ Humana</li> </ul>	<p style="text-align: center;"><b>3A: LIMITED OUTCOME-BASED REBATE</b></p> <ul style="list-style-type: none"> <li>• Symbicort - Astrazeneca/UPMC</li> <li>• Repatha - Amgen/Harvard Pilgrim</li> <li>• Repatha - Amgen/CVS</li> <li>• Praluent - Sanofi-Regeneron/ Cigna</li> </ul> <p style="text-align: center;"><b>3B: MEANINGFUL OUTCOME MEASURES</b></p> <ul style="list-style-type: none"> <li>• May include measures such as clinical and cost outcomes</li> </ul>	<p style="text-align: center;"><b>4A: PARTIAL POPULATION-BASED</b></p> <ul style="list-style-type: none"> <li>• May include partial PMPM tied to performance for a population</li> <li>• None</li> </ul> <p style="text-align: center;"><b>4B: FULLY POPULATION-BASED</b></p> <ul style="list-style-type: none"> <li>• May include a subscription model: PMPM linked to outcomes across a population</li> </ul>

# Aligned provider, manufacturer, and patient value-based payment arrangements



# 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*

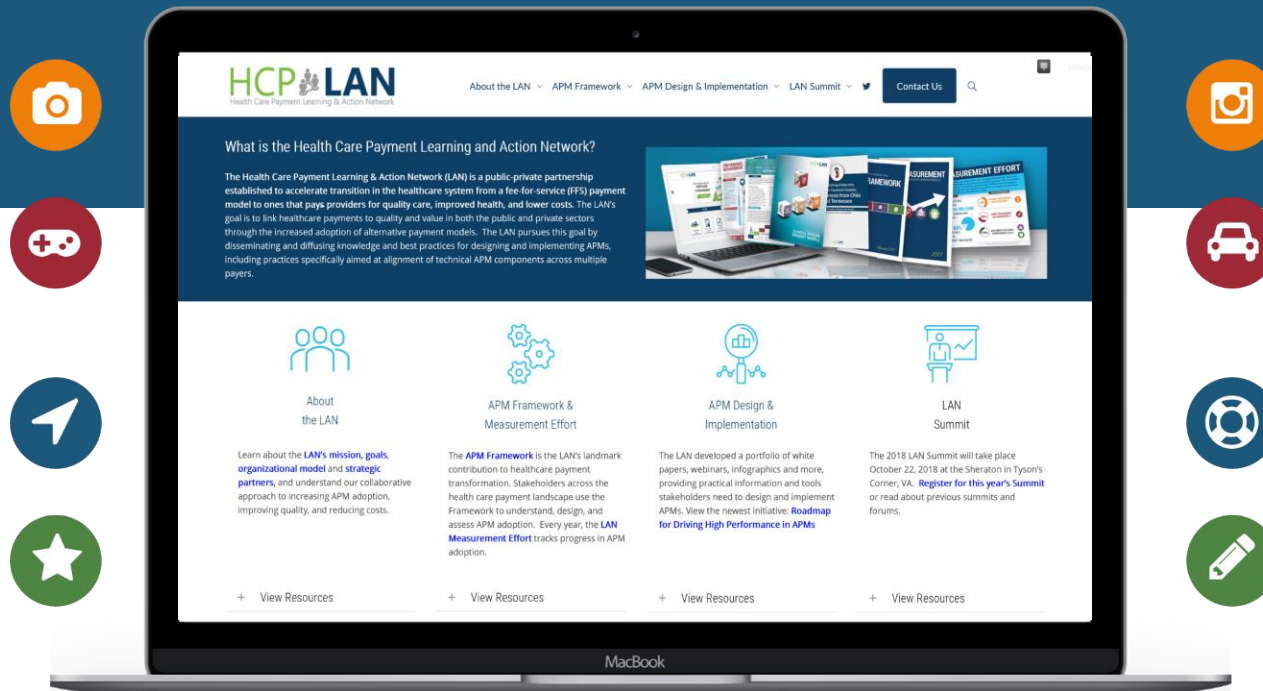


**Donna Cryer**

*President & CEO,  
Global Liver Institute*

# Visit the LAN Website for our Resources

<https://hcp-lan.org/>



Partnering for the Future

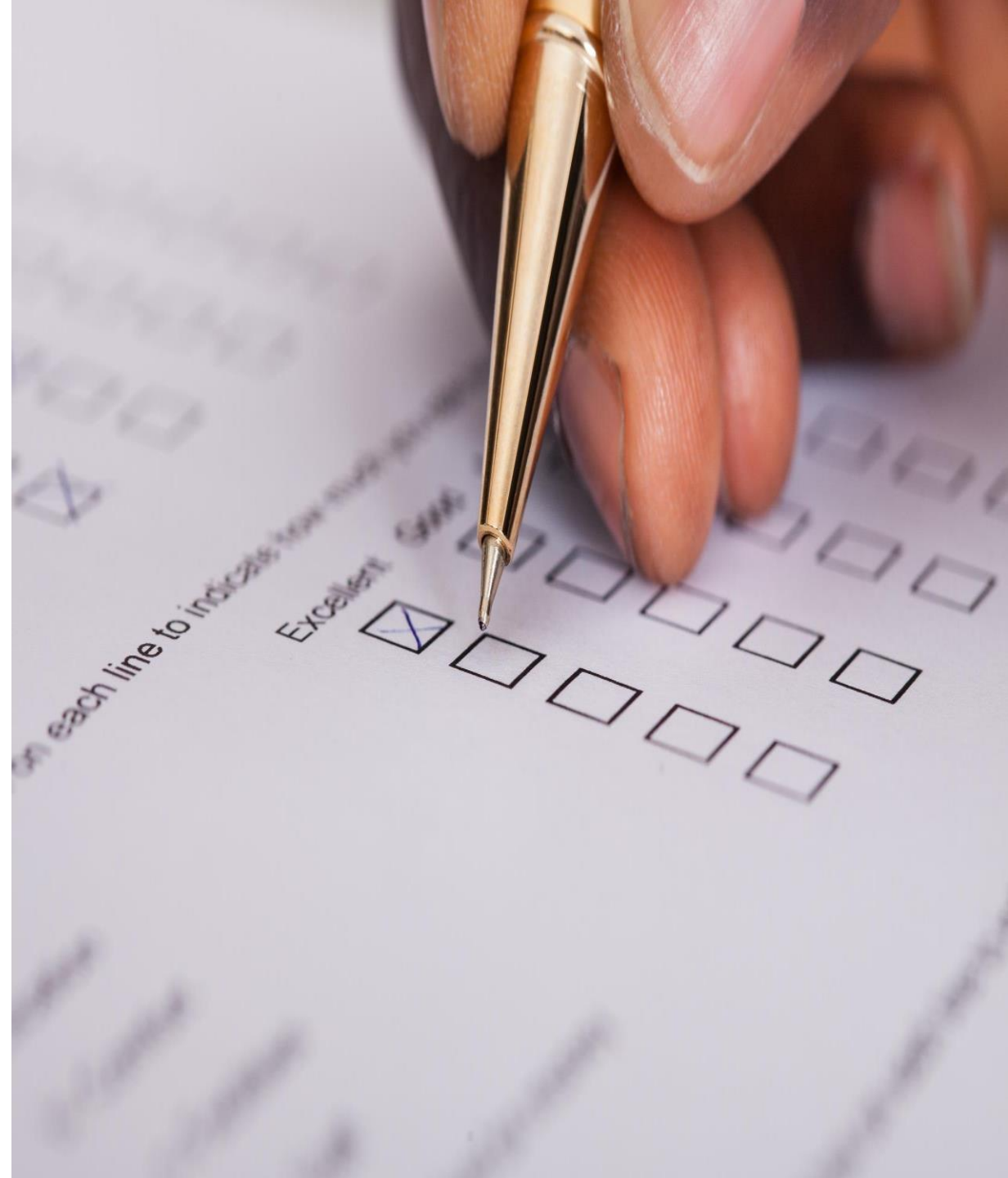


# Exit Survey

We want to know what you think!

---

Please take a moment to complete the exit survey so we can continue to improve and enrich the LAN. Use the link in *Guidebook* for this session to provide us your feedback.



# Contact Us

We want to hear from you!



[www.hcp-lan.org](http://www.hcp-lan.org)



[@Payment\\_Network](https://twitter.com/Payment_Network)



[PaymentNetwork@mitre.org](mailto:PaymentNetwork@mitre.org)



Search: Health Care Payment  
Learning and Action Network





*Partnering for the Future*

 **LAN SUMMIT**  
Health Care Payment Learning & Action Network

---

**Thank You!**