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## **Paying for Value**

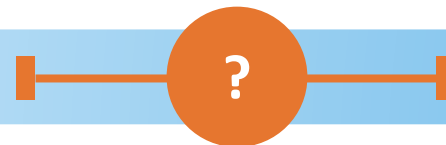


# Trajectory of value based arrangements

Past

Where are we now?

Future



## SIMPLE

Adherence models  
Disease level initiatives  
ER avoidance and cost savings

## COMPLEX

Risk and outcomes based contracts  
Supporting infrastructure (legal & data)  
Unique and tailored to each product  
Payment over time models  
Inclusion of PROs

# The growing need for VBAs

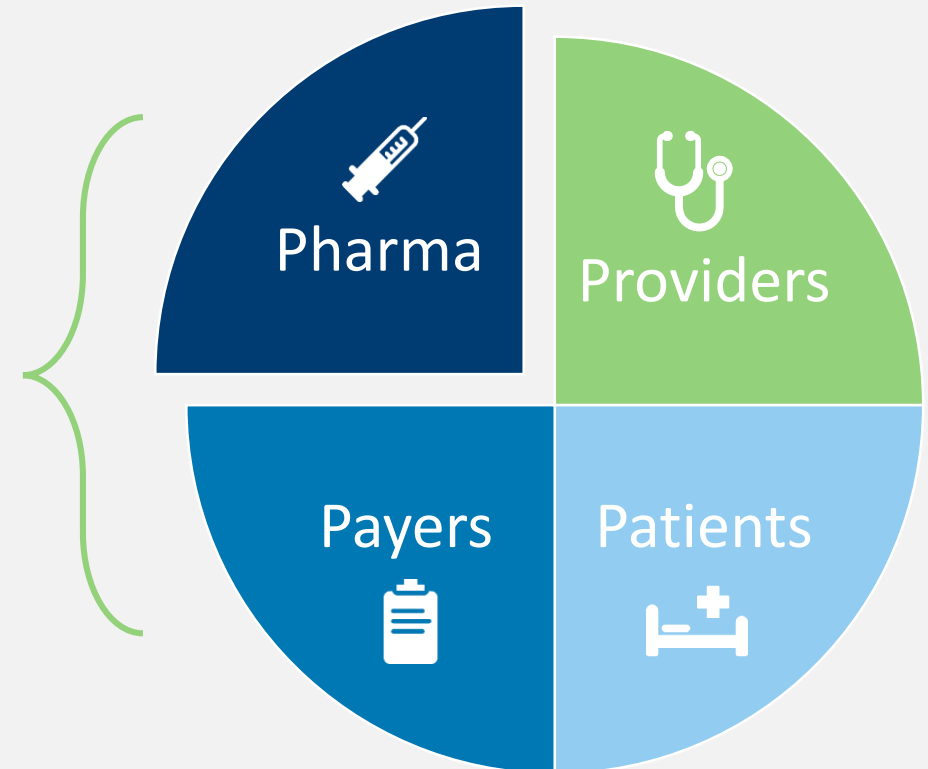
FDA Approved Products		
Product	Type of therapy	Price
Kymriah	Cell therapy	\$475,000 / treatment
Yescarta	Cell therapy	\$373,000 / treatment
Luxturna	Gene therapy	\$425,000 / eye \$850,000 / treatment
Spinraza	Gene therapy	\$750,000 year 1 \$375,000 subsequent years
Zolgensma	Gene therapy	\$2.1 million

Sources: PriceRx, BioMedTracker

# Value-based options and perspectives

Innovative Payment Models
Reinsurance
Orphan Reinsurance and Benefit Manager
One-year milestone based contract
Five-year annuity payment
Patient Passport
Netflix model

## Key Stakeholders in VBAs

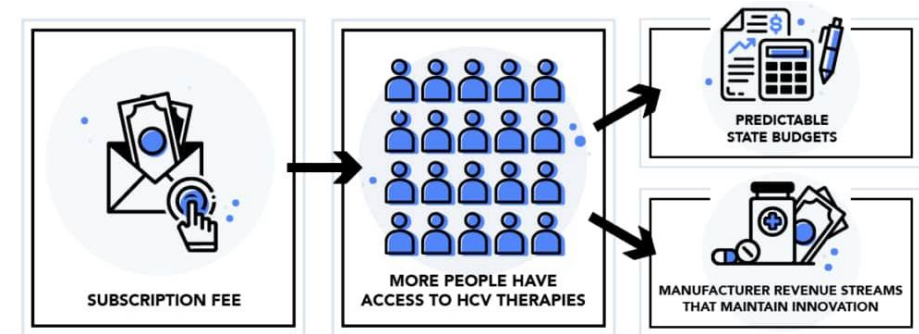


# Trends in VBA: what is working

## One-year milestone based contract



## Netflix Model



Drug Pricing Lab  
Memorial Sloan Kettering

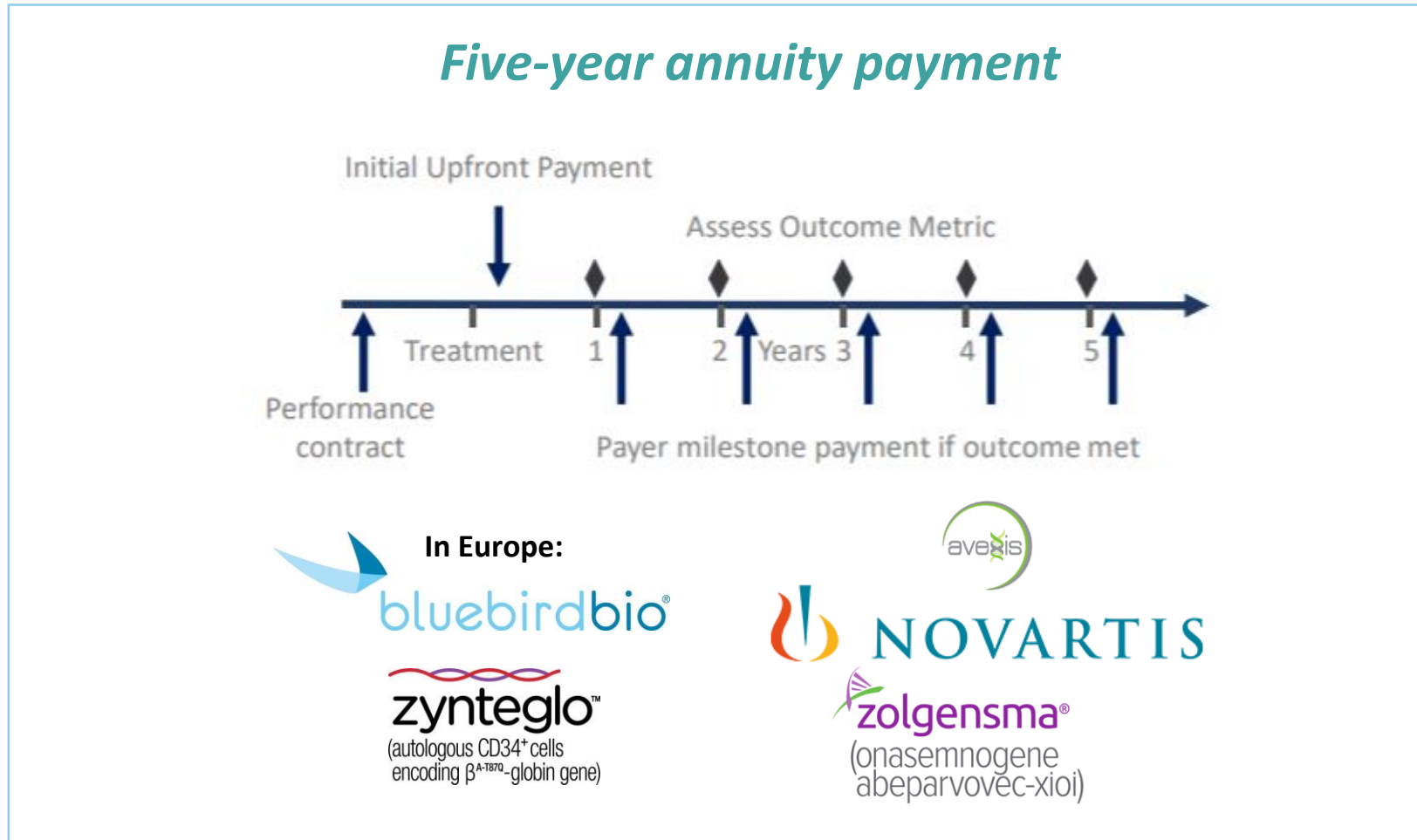
Source: <http://jamanetwork.com/journals/jama/fullarticle/10.1001/jama.2018.15782>



Sources: MIT New Digs. MSK Drug Pricing Lab.









# Trends in VBA: what is *not* working



Source: MIT New Digs.

# International examples of VBAs

Manufacturer	Product	Agreement	Market	Results
 bluebirdbio	Zynteglo for $\beta$ -thalassemia	<b>Outcomes-based annuity plan:</b> 5-year annuity model based on patients achieving transfusion independence	European markets	Ongoing
 MERCK	Mavenclad for MS	<b>Outcomes-based:</b> patients must remain free of disease activity which requires an active intervention for the 4-year treatment period	Germany, UK	Ongoing
 gsk	Strimvelis for ADA-SCID	<b>Outcomes-based:</b> patients are monitored for any declines in their health due to ADA-SCID	Italy	Limited
 VERTEX	CF portfolio	<b>Portfolio contract</b> with a budget cap in Denmark	Denmark	Ongoing
 GILEAD	Yescarta for adult DLBCL	<b>Outcomes-based:</b> lower price and additional rebates based on patient performance	France	Ongoing
 NOVARTIS	Kymriah for ALL and DLBCL	<b>Outcomes-based:</b> first year of free-pricing and then outcomes-based	Germany	Ongoing

# Looking ahead

## *Challenges in Innovative Payments*



- 1 Payment timing
- 2 Risk responsibility
- 3 Therapeutic performance risk
- 4 Actuarial risk
- 5 Data requirements



**Common Goals:** getting the most appropriate, cost-effective treatments to patients in a timely manner



# Concerns of payers and manufacturers

	 Payer Concerns	Manufacturer Concerns 
<b>Data</b>	Privacy, adherence, feasibility and capacity	Accuracy, privacy, bandwidth, adherence and compliance
<b>Metrics</b>	Accuracy of long-term or durable outcomes checkpoints	Capture of long term treatment value
<b>Timing</b>	Long term benefit w/ plan switching	Long term tracking w/ plan switching

**Possible Solution:** 3<sup>rd</sup> party data aggregator and assessor