

Value-Based Pricing: How do Approaches Vary by Health Care Context?

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We do not want a Land of Cockaigne.



Das Schlaraffenland
Pieter Bruegel d. Ä. 1567

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Messages

- Germany does not employ a concept of absolute, but of relative value (additional value):
 - ▶ With respect to a comparator set by the F-JC (G-BA)
 - ▶ Measured in six additional value levels by the IQWiG / F-JC
- Germany does not apply an ICER or threshold, so the assessment of value is not explicitly applied for rationing decisions
- The value ranking is only important for the question if a drug ends up in a reference price group or if the price will be negotiated on the national level
- After the negotiations on the federal level, individual sickness-funds can negotiate discount, value and risk-sharing contracts

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Three questions

1. Why has VBP become an important policy option in Germany?
2. What are the main issues in defining and measuring 'value' in Germany?
3. What are the main practical issues in implementing VBP in Germany?

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G-BA
Federal Joint Committee




Dr. Rainer Hess

SIBU
National Association of Statutory Health Insurance Funds



Dr. Doris Pfeiffer

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Evaluation of Medical Services

Ethical evaluation

Medical Evaluation

Economic Evaluation

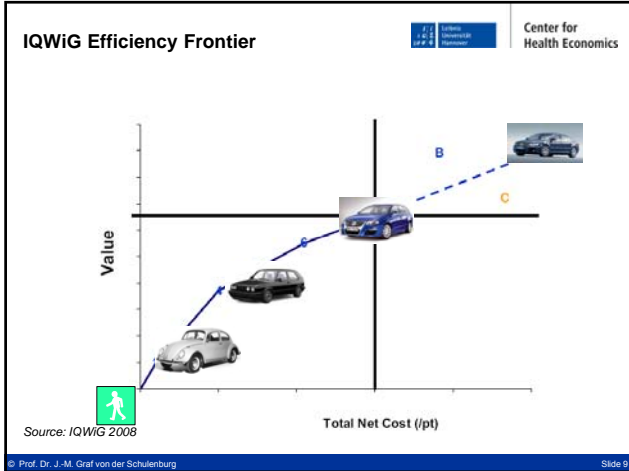
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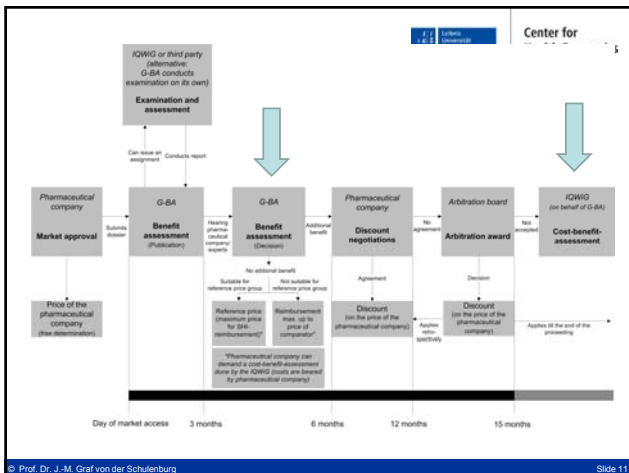
Ethical evaluation

- Should every treatment be provided which **lowers mortality**?
- How do we deal with **uncertainty**?
- What is a **just distribution** of health services (utilitarianism, egalitarian approach)?
- Who should decide about **rationing**?
- Should rationing be **explicit or hidden**?


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- Content of the Value Dossier (§35a SGB V)**
- Authorized therapeutic indication
 - Medical benefit
 - Medical additional benefit in relation to the appropriate comparator
 - ▶ **patient-relevant therapeutic effect**, in particular in respect of the improvement in the state of health, the reduction of the duration of the disease, longer survival, the reduction in side-effects, or an improvement in the quality of life
 - Number of patients and patient groups, for whom there is a therapeutically important additional benefit
 - Costs of the therapy for the statutory health insurance fund
 - Requirement for a quality-assured therapeutic indication
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Value levels

1. Major additional benefit
2. Significant additional benefit
3. Marginal additional benefit
4. Additional benefit, which is not quantifiable
5. No additional benefit
6. Benefit of the pharmaceutical being assessed is less than the benefit of the appropriate comparator


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Benefit Assessment

| | Inter indication comparison | Intra indication comparison |
|--------------------------------|--------------------------------------|-----------------------------|
| Multidimensional benefit scale | e.g. QALY concept (NICE, LFN) | summarizing scores |
| Monodimensional benefit scale | Cost-effectiveness analysis | IQWiG current approach |

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Cost Assessment

| | Societal perspective | Payer's perspective* |
|-----------------------------|----------------------|------------------------|
| General threshold given | Australia, Canada | NICE, New Zealand, SMC |
| General threshold not given | Finland, Netherlands | Germany |

*with or without out of pocket payments of patients

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Practical issues



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- What is the relevance of the different value levels?
- What happens if a drug shows additional value in one patient group (indication) and not in others (Ticagrelor)?
- The role of surrogate parameters is unclear.
- Do costs (per patient, for sickness funds per successful treatment etc.) play any role?
- What happens, if a company does not deliver a VD or is not willing to lower the sales price?
- The negotiations are zero-sum games. How often will the arbitration board take over the decision?

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Conclusions



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- The German concept is complex and causes a lot of practical problems
- The next reform will come (in 2013?), which either goes in the direction of an approach closer to NICE or individual contracts.
- Political leadership is needed.

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Thank you very much !
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