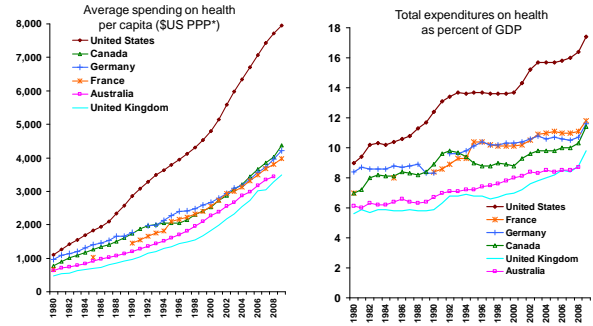


## MOVING TOWARDS VALUE BASED HEALTH CARE IN DIFFERENT CONSTITUENCIES,

A PRESENTATION ON BEHALF OF THE ISPOR VALUE BASED HEALTH CARE SPECIAL INTEREST GROUP

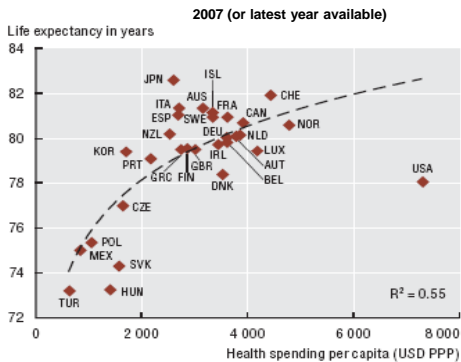
Edward Kim, MD, MBA  
 Novartis Pharmaceuticals Corporation  
 US Health Economics and Outcomes Research

## The Growth in Healthcare Spending is Not Sustainable



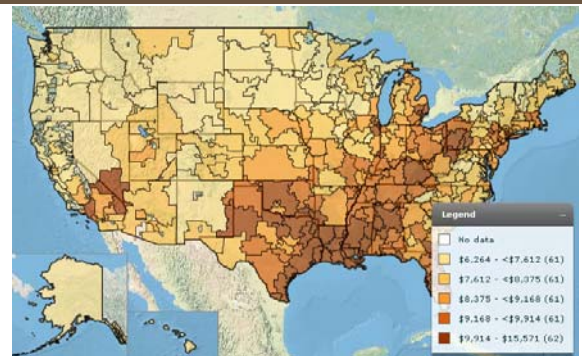
\* PPP=Purchasing Power Parity.  
 Data: OECD Health Data 2011 (database), Version 6/2011.  
 Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2011.

## Higher health spending does not mean higher life expectancy

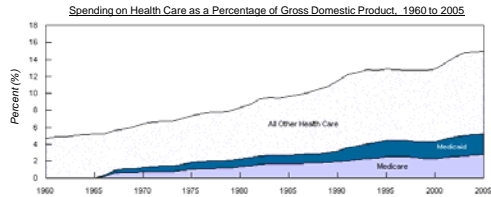


Source: OECD Health Data 2009, OECD (<http://www.oecd.org/health/healthdata>).

## Strong Regional Variation in Practices are Challenging



## The Impetus for CER in the US



- Unsustainable rises in healthcare spending – expected to reach nearly 20% of GDP by 2016
  - Outpacing GDP growth rate by 1.3-3%
  - Average life expectancy in US = 72.5yrs vs. 78.3 yrs. across 30 other countries
- CER is widely supported by the government, clinicians, insurers, patient groups, and other policy-makers as a method to improve health care quality and reduce healthcare costs
- American Recovery and Reinvestment (ARRA) Act of 2009 allocated \$1.1 billion in funding for CER through AHRQ, NIH, and the establishment of the Patient-Centered Outcomes Research Institute (PCORI)

AHRQ = Agency for Healthcare Research and Quality; NIH = National Institutes of Health  
Congressional Budget Office, Long Term Outlook for Health Care Spending, November 2007; Henry J Kaiser Family Foundation, March, 2008. [http://www.kff.org/insurance/0707\\_02.pdf](http://www.kff.org/insurance/0707_02.pdf) Accessed August 19, 2010.

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## Goals of a Value-Based Health Care System

- Achieve the best outcomes for money spent
  - Patient, payer, and societal perspectives
- Designs rewards and incentives to achieve the desired outcomes
  - Improved health status rather than unit volume
- Contains cost growth in a sustainable manner

6 | Presentation Title | Presenter Name | Date | Subject | Business Use Only

## Objectives of the Project

- Summarize definitions of value-based health care
- Describe how different jurisdictions are using value in decisionmaking
- Describe methodological challenges in measuring value
- Identify challenges in implementing a value-based health care system

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