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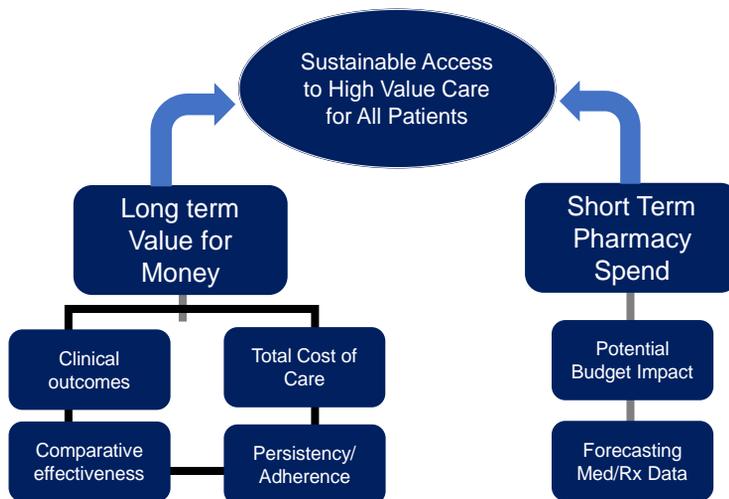
Current Value Frameworks – What's New?

ISPOR Summit

New Approaches to Value Assessment: Towards More Informed Pricing in Healthcare

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Value ASSESSMENT



EVOLUTION OF TWO VALUE BASED CONTRACTING MODELS

Understanding populations is vital in engaging in Value based contracts

One Course of Therapy

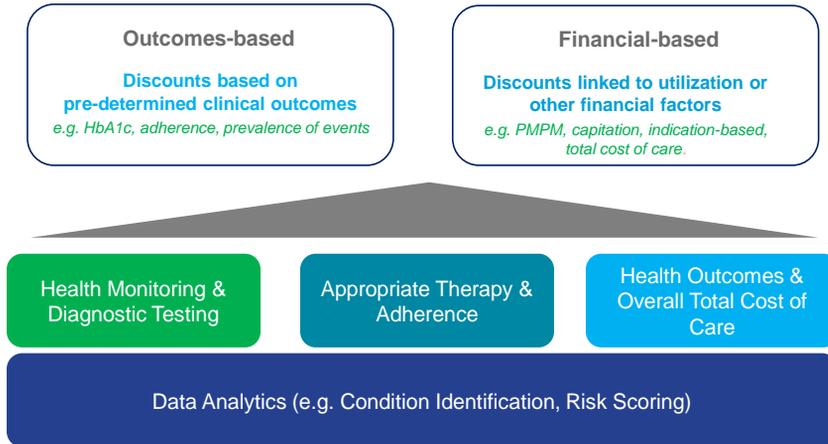
- Curative therapies
- Very high cost burden
- Ability to track effectiveness, side effects via registries
- Durability uncertainty

Chronic Lifetime Therapy

- Larger populations
- Longer horizon to track population and outcomes (e.g. slower disease progression, events)
- Balance of short and long term financial benefits
- Persistence and adherence required to achieve outcomes

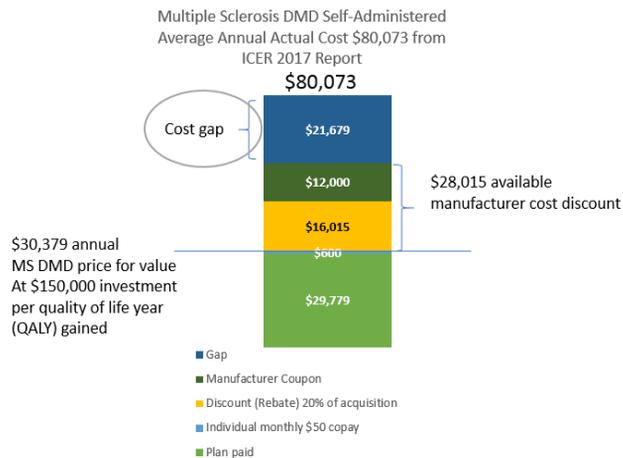
VALUE BASED CONTRACTING: DEFINED

Data and Analytics form the foundation of Value Based Contracts



1 CareCentered Contracting™ can be synonymous with market terms such as Value, Outcomes, Quality based contracting

Using icer report to determine value threshold



Real world data assessment of ms dmd drug effectiveness and cost

Association Between Adherence to Multiple Sclerosis (MS) Disease Modifying Drug (DMD) Therapy and Moderate to Severe Relapses in a Cohort of Commercial Members Followed for Three Years

Objective: Establish an estimate of the direct medical cost offset associated with adherence to MS DMD therapy.

Of 4 million continuously enrolled members, 4753 met MS criteria and had a DMD in year 0, of whom 2859 (60.2%) were adherent and 1894 (39.8%) were not adherent over years 1 to 3. Over the 3 years, 520 (18.2%) of the adherent and 471 (25.2%) of the not adherent had a moderate or severe relapse (relapse among adherent odds ratio 0.672, 95% confidence interval 0.584 to 0.774).

Findings:

- Prime found the average allowed medical expense per MS relapse was \$9,000.
- MS DMD therapy adherence for 3 years was associated with a 7 percentage point decrease in members with claims indicating an MS relapse.
- To prevent relapse in 1 MS member saving \$9,000 in medical costs, 15 members currently non-adherent to DMD therapy for three years would need to be adherent.
- It will cost \$3 million in new DMD expenditures to get 15 members adherent.

Conclusion: An investment of \$333 in MS DMD cost is needed to save \$1 in direct medical MS relapse cost avoided. This information helps inform clinical program and pharmaceutical value-based contracting assessments.

Bowen K, Gleason P. Association Between Adherence to Multiple Sclerosis (MS) Disease Modifying Drug (DMD) Therapy and Moderate or Severe Relapses in a Cohort of Commercial Members Followed for Three Years. Academy of Managed Care Pharmacy; Boston, MA. *J Manag Care Spec Pharm* 2018;24(4-a Suppl):S61. <https://www.primetherapeutics.com/en/news/pressreleases/2018/amcposter-ms-release.html>