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Health Solutions

Willingness-to-Pay Thresholds as a Pragmatic Lever for Promoting Efficiency and Incentivizing Innovation

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The power of **knowledge.**
The value of **understanding.**

Disclosures

RTI Health Solutions

Full-time employee of RTI Health Solutions, an independent, nonprofit research consultancy

Affiliated to research

*All **observations** and **opinions** are my own*

Overview

- Willingness-to-pay and value-based decision-making
- Context for variable thresholds
- Having your cake and eating it too?
- The case of chronic progressive diseases
- Takeaways

My Perspective

- Frameworks for variable WTP thresholds represent a pragmatic solution to help align investment in health innovations with societal needs and preferences
- These frameworks still have blind spots and must be re-evaluated over time in response to emerging evidence and market signals

WTP = willingness to pay.

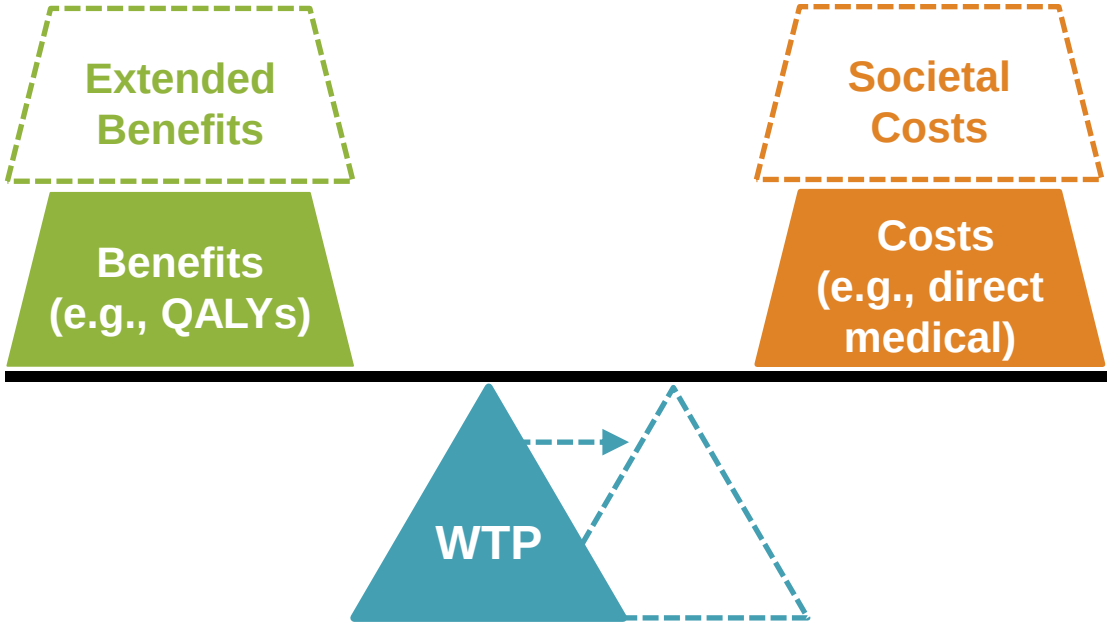
Willingness-to-Pay and Value-Based Decision-Making

Cost-effectiveness analysis[1]

- Framework for comparing the expected **benefits** and **costs** of new health technologies
- Analysts choose which benefits and costs to include and over what horizon

Value assessment

- Decision-makers and stakeholders choose which benefits and costs matter to them
- Decision-making depends on our ***willingness*** and ***ability*** to pay

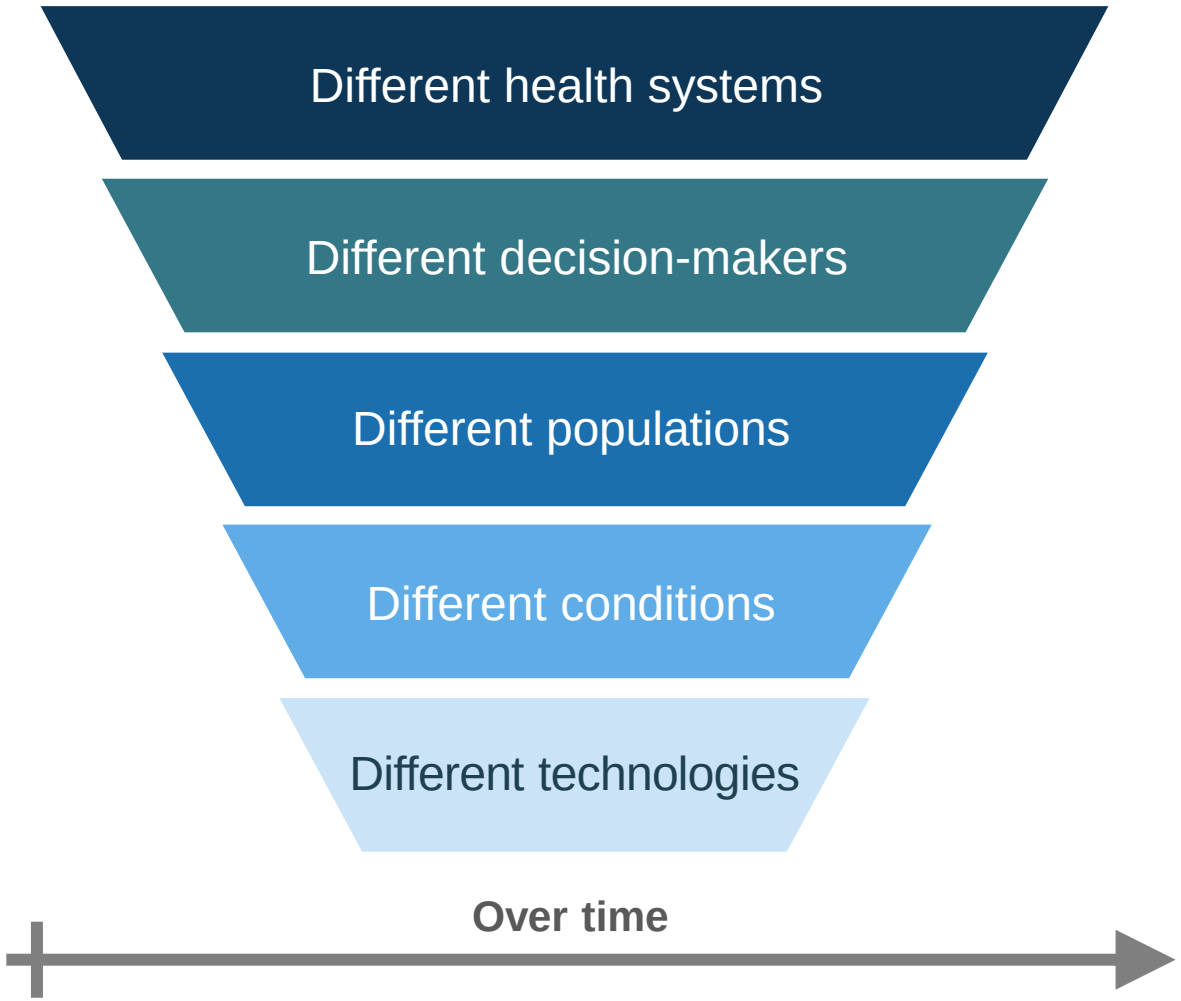


Nearly every element of this is subjective → One size can't possibly fit all!

QALY = quality-adjusted life-year; WTP = willingness to pay.

[1] Sanders et al. JAMA. 2016;316(10):1093.

Context for Variable Thresholds



- High vs. low/middle income countries[1]
- Cultural factors and preferences[2]
- Healthcare vs. social care budgets[3]

- Older and/or disabled populations[4,5]
- Disease prevalence or rarity[3,6]
- Severe diseases[5,6,7]
- Cell and gene therapies[8]

[1] Robinson et al. Health Policy Plan. 2017;32(1):141. [2] Thokala et al. Pharmacoeconomics. 2018;36(5):509. [3] Bilinski et al. Value Health. 2022;25(7):1141. [4] Kocot et al. Arch Public Health. 2021;79:201.
[5] Loupas et al. Appl Health Econ Health Policy. 2025. Online ahead of print. [6] Dabbous et al. Adv Ther. 2022;40(2):393. [7] Phelps et al. Value Health. 2023;26(7):1003. [8] Garrison et al. J Manag Care Spec Pharm. 2019;25(7):793.

Having Your Cake and Eating it Too?

WTP thresholds influence pharmaceutical prices

Payers: negotiate lower prices
Manufacturers: set value-based prices

Pricing opportunities influence investment in innovation

Potential rationales for formally considering higher WTP thresholds

(1) There are scenarios where improvements in health are inherently more valuable
  – i.e., we have the right outcomes, but we are not valuing them correctly

(2) There are scenarios where broader value elements are relevant but not quantified
  – i.e., we don't yet have the right outcomes, so we adjust the valuation for those we do have

Practical implications and concerns

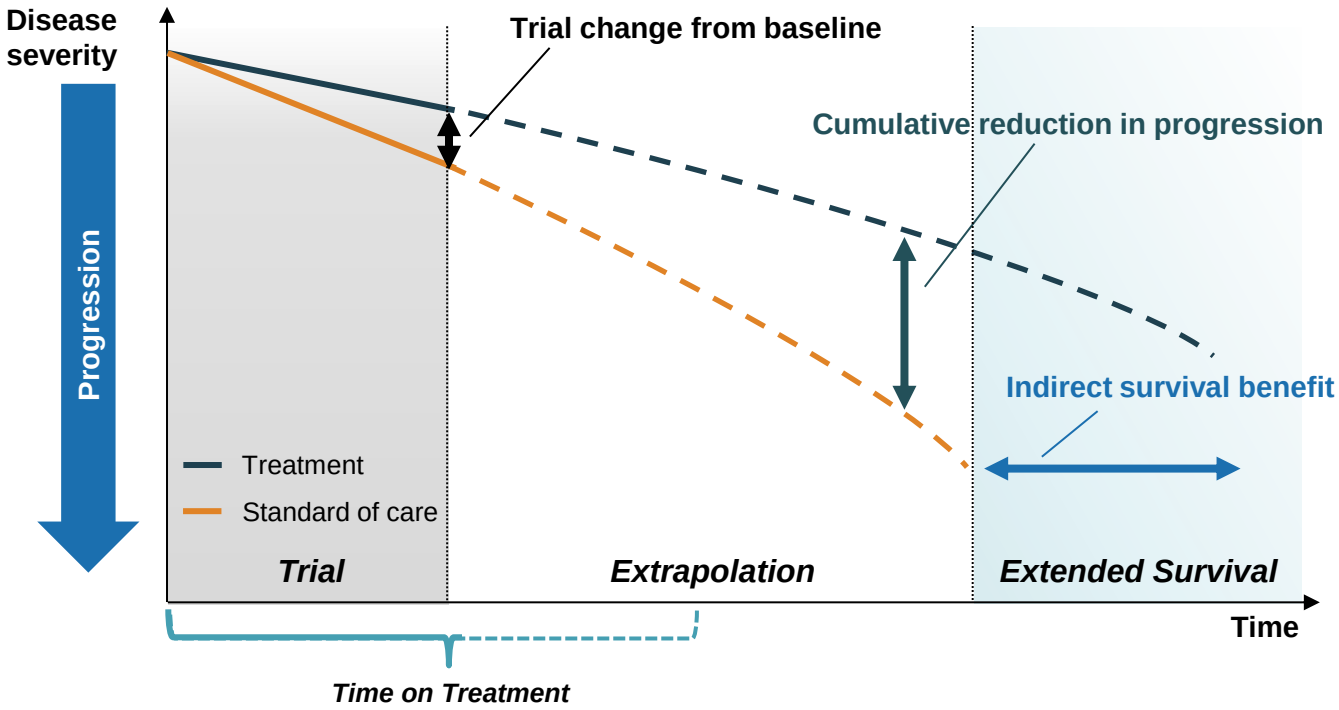
- For now, either rationale may adequately incentivize innovation
- Claiming both rationales may lead to overcompensating or to unaffordably high prices

WTP = willingness to pay.

The Case of Chronic Progressive Diseases

Alternative WTP threshold considerations still may not be providing adequate incentives for innovative treatments that slow progression of chronic diseases

Progressive disease characteristics create additional challenges for value assessment, access, and reimbursement[1-6]



Selected Factors	Impact?
Treatment early in the disease • Potentially larger target population • Disease not severe ***yet***	 WTP ↓ WTP ↓
Uncertain long-term benefit • Heterogeneous natural history • Extrapolation of treatment effect	 CE ↓ WTP ↓
Lag between costs and benefits • Siloed budgets mean payer may not recoup the benefits • "Present value" of benefits discounted	 WTP ↓ CE ↓
Indirect survival benefits • In states with potentially high patient, caregiver, and societal burden • Opportunity for extended value benefits	 CE ↓ CE ↑
Often rare diseases targeted by cell and gene therapies	WTP ↑

CE = cost-effectiveness; WTP = willingness to pay.

[1] Gustavsson et al. Expert Rev Pharmacoecon Outcomes Res. 2020;20(6):563. [2] Garrison et al. J Manag Care Spec Pharm. 2021;27(5):674. [3] Dams et al. Pharmacoeconomics. 2023;41(10):1205. [4] Rubin et al. J Med Econ. 2022;25(1):783. [5] Johansen et al. Pharmacoeconomics. 2020;38(5):485. [6] Pearson et al. Value Health. 2018;21(5):515.

Takeaways

- While designed to promote efficient use of resources, WTP thresholds also send signals to manufacturers about which interventions to invest in
- Research and real-world experience suggest that one-size-fits-all thresholds may not adequately align this investment with society's preferences
- The alternative frameworks in place globally offer pragmatic solutions but are not risk-free
  - Caution around simultaneously pushing for ever-higher WTP thresholds and ever-broader value elements
  - Concern that incentives still may not spur investment in treatments for chronic progressive diseases

*Frameworks for variable WTP thresholds must be **re-evaluated** over time in response to **emerging evidence**, **market signals**, and **societal needs***

WTP = willingness to pay.

Thank You

Questions?

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