Optimizing Healthcare Outcomes: Identifying the Conditions for Successful Value-based Contracts

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AUTHORS

> Bento G[1], Sathi C[1], Dumoulin O[1], Grandy A[1], Mestre-Ferrandiz J[2], Pascual-Argente N[2], Chouman S[3], Towle P[3], Bechara A[1]

[1] Global Market Access, AliraHealth | [2] Universitat Pompeu Fabra, Barcelona School of Management, Barcelona, Spain | [3] Takeda Pharmaceutical Company Limited, Zurich, Switzerland

OBJECTIVES

> **Value-based contracts (VBCs)** have gained significant attention in the healthcare sector as a promising approach to improve outcomes while managing costs. This study aims to identify the contextual factors that are conducive to the implementation of specific types of VBC.

METHODOLOGY

> **Insights were gathered from in-depth interviews** (N=20) conducted with payers across different archetypes (public, private, national, regional) and geographies, including Europe (Germany, Italy, The Netherlands, Sweden, and Spain), Latin America (Argentina, Brazil, Colombia, and Mexico), Asia-Pacific (APAC) (Australia, China, South Korea, and Taiwan), and the US.

> The selection of contextual factors was informed by the consultations with the payers, while the types of VBC considered were selected from Hanna et al's taxonomy.

> Based on payers' insights the suitability of VBC types to different contextual factors was mapped, using discounts and simple rebates as a comparator.

RESULTS

> **The study examined seven key contextual factors**: treatment type (chronic vs. one-time), healthcare system organization (centralized vs. decentralized), contracting level (national vs. hospital vs. regional), treatment landscape (dynamic vs. static treatment paradigm), clinical endpoint (objective vs. subjective), treatment uncertainty (clinical vs. economic), and patient population size (orphan vs. non-orphan) (**Table 1**).

> **Six types of VBC were considered**: price-volume agreement, budget cap, patient cost cap, utilization cap, pay-for-performance, and coverage with evidence development.

Table 1. Matrix mapping suitability of value-based contract types and key contextual factors analyzed

Criteria			Finance-based Agreements				Outcomes-based Agreements	
Theme	**Type**	**Discounts or simple rebate**	Price-volume agreement	Budget cap*	Patient cost cap	Utilization cap	Pay-for-performance	Coverage with evidence development
Treatment	Chronic	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable
	One-time	Suitable	Suitable	Suitable	Not suitable	Not suitable	Suitable	Suitable
Healthcare System Organization	Centralized	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable
	Decentralized	Suitable	Not suitable	Not suitable	Suitable	Suitable	Suitable	Not suitable
Contracting level	National	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable
	Regional	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Not suitable
	Hospital	Suitable	Not suitable	Suitable	Suitable	Suitable	Suitable	Not suitable
Clinical Endpoint	Hard / Objective	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable
	Soft / Subjective	Suitable	Suitable	Suitable	Suitable	Suitable	Not suitable	Suitable
Treatment Landscape	Dynamic	Suitable	Suitable	Suitable	Suitable	Suitable	Not suitable	Not suitable
	Static	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable
Treatment Uncertainty	Clinical	Suitable	Not suitable	Not suitable	Not suitable	Not suitable	Suitable	Suitable
	Economic	Suitable	Suitable	Suitable	Suitable	Suitable	Not suitable	Not suitable
Patient Population Size	Orphan	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable	Suitable
	Non-Orphan	Suitable	Suitable	Suitable	Suitable	Suitable	Not suitable	Suitable

Legend: ***Contract suitable for context*** (green) ***Contract not suitable for context*** (orange)

**not in Hanna et al's taxonomy – added after discussion with experts*

> Distinct implications for various contract types in different healthcare scenarios.

> **Discounts and simple rebates** are universally applicable across a spectrum of situations. This contract type's simplicity in adjusting treatment prices, coupled with its capacity to provide budgetary predictability, renders it a versatile choice.

> **The pay-for-performance VBC type** demonstrated a more restricted applicability, aligning effectively with fewer contextual factors. The primary driver behind this limitation is the substantial cost and complexity associated with its implementation. Particularly in clinical landscapes characterized by rapid evolution or a substantial patient load requiring monitoring.

> **For treatments addressing chronic orphan conditions** in a static clinical landscape and within a centralized healthcare system at the national level, all contract types were viable, contingent on the identified uncertainty.

CONCLUSION

> This matrix-driven analysis offers valuable insights for policymakers and stakeholders in designing value-based contracts that align with the unique characteristics of different healthcare contexts.

REFERENCES

Report of 20 one on one interviews with payers from selected countries. Hanna et al,

GLOBAL PAYER FORUM
ACCESS INNOVATION

NAVIGATING VALUE-BASED CONTRACT

> Recording Available For VBC Fundamentals; VBC Design And Data Collection And Outcomes Assessment

> November 23rd: Financial Sustainability

> December 4th : VBC Success Assessment

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