To what extent do value-based price setting methodologies consider patient perspectives and broader societal benefits?

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OBJECTIVES

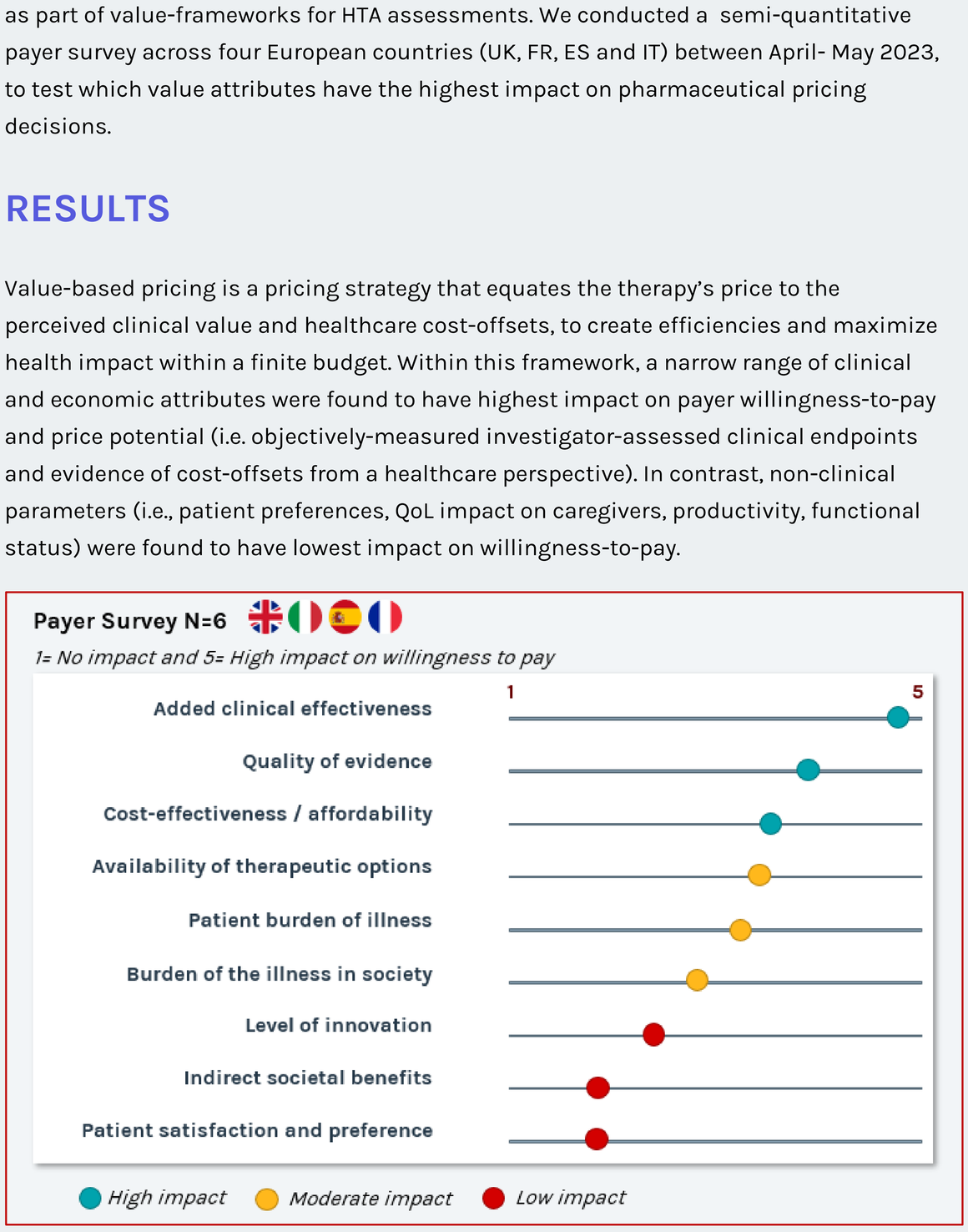
Recognising the broader benefits of healthcare interventions depends on how budgets and price setting methodologies are defined. This research explores the extent to which patient and broader societal benefits are recognized by healthcare payers in Europe in the context of value-based pricing frameworks, and the main obstacles to fully shifting to patient-centric decision-making. Understanding early-on in the drug development what aspects of pharmaceutical innovation are incentivized by healthcare budget-holders has important implications for go/no-go decisions and evidence generation.

METHODS

Literature searches were conducted to identify the value attribute categories considered as part of value-frameworks for HTA assessments. We conducted a semi-quantitative payer survey across four European countries (UK, FR, ES and IT) between April- May 2023, to test which value attributes have the highest impact on pharmaceutical pricing decisions.

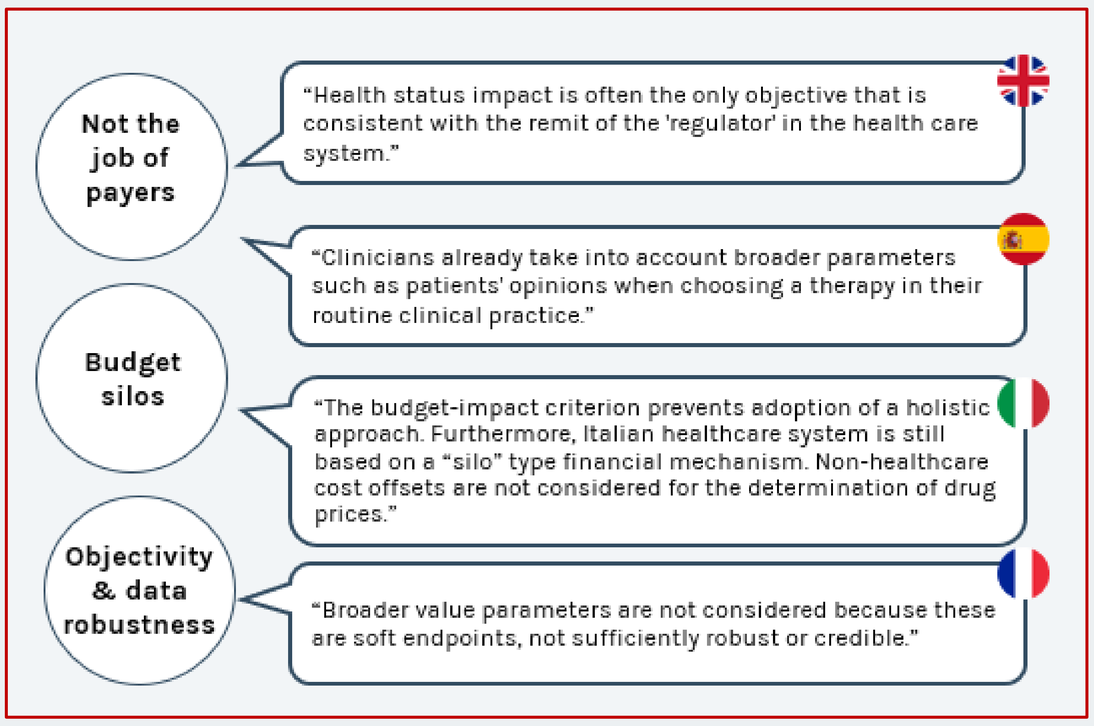
RESULTS

Value-based pricing is a pricing strategy that equates the therapy's price to the perceived clinical value and healthcare cost-offsets, to create efficiencies and maximize health impact within a finite budget. Within this framework, a narrow range of clinical and economic attributes were found to have highest impact on payer willingness-to-pay and price potential (i.e. objectively-measured investigator-assessed clinical endpoints and evidence of cost-offsets from a healthcare perspective). In contrast, non-clinical parameters (i.e., patient preferences, QoL impact on caregivers, productivity, functional status) were found to have lowest impact on willingness-to-pay.



Surveyed payers also emphasized the objective of their roles which is to maximize health impact with a finite budget. Within the context of the European healthcare systems, value-based pricing frameworks must consider further constraints that limit the role of the healthcare budget-holder, such as:

- Payers recognise their main objective, as the regulator in the healthcare system, is to maximise the impact on health status with a finite budget.
- Patient preferences are generally considered to fall within the remit of prescriber decision-making, and therefore are not a driver of willingness-to-pay for budget-holders.
- Public service budgets exist in silos. Therefore, the broader societal impact of a new health technology (e.g., caregiver QoL) is considered to have little or no relevance for the healthcare budget holder and it has little or no impact on price setting negotiations.
- Limitations to achieving a high level of data robustness is also a factor, preventing payers from pursuing a holistic approach to value-assessment. Patient and care-giver reported outcomes including quality of life, productivity, functional status, satisfaction and preferences are considered to have a high risk of bias and are not accepted as robust enough to act as the primary driver of willingness-to-pay. Moreover, such data is often not generalisable between countries and is associated with potential for confounding effects and are often disregarded in HTA evaluations.



CONCLUSION

Methodological difficulties in objectively measuring broader patient and societal benefits brought about by new health technologies, as well as the presence of budget silos, represent the main obstacles preventing payers from adopting a more holistic approach to recognizing broader value attributes of innovative therapies and translating those benefits into willingness-to-pay.

This research highlights the need for policy makers to address budget silos that exist between healthcare and other social-welfare services, to create incentives for the development of innovative therapies that improve not only clinical outcomes but also deliver broader patient and societal benefits, for instance delivering efficiency gains outside of healthcare budgets. There is also a need for the development of more robust methodologies that can objectively measure patient-relevant endpoints.

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