

EXPLORING THE CONTRIBUTION OF HEALTH GAINS AND COST-OFFSETS TO VALUE-BASED DRUG PRICES IN PRIOR ICER REVIEWS

HPR50

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Background

- Conventional cost-effectiveness analysis calculates value-based drug prices (VBPs) based on the ratio of incremental health effects and incremental costs.
- Rarely do discussions on VBPs highlight the relative contribution of health gains and cost-offsets.

Objective

- Our objective was to explore the extent to which VBPs are driven by health gains versus cost-offsets using interventions evaluated by the Institute for Clinical and Economic Review (ICER).

Methods

- Data were analyzed from all economic models included in [ICER's Interactive Modeler™ \(IM\)](#) through December 2022.
- For each intervention, the condition, comparator, incremental costs, and incremental health gains were extracted.
- We simplified the definition of VBP for each intervention to equal \$150,000 per health unit gained plus cost-offsets.
- The extent to which the VBP was driven by health gains and cost-offsets was based on the percent contribution to the VBP using a health care sector perspective.
- Relationships between model characteristics (active comparator, presence of life extension, and cell or gene therapy) and percentage of VBP driven by health gains were explored.

Results



Drugs with active comparators

- The percentage of VBP from health gains was lower for drugs with active comparators (56% vs 73%) (Figure 1).



Drugs with life extension

- The percentage of VBP from health gains was higher for drugs with life extension (74% vs. 50%) (Figure 2).

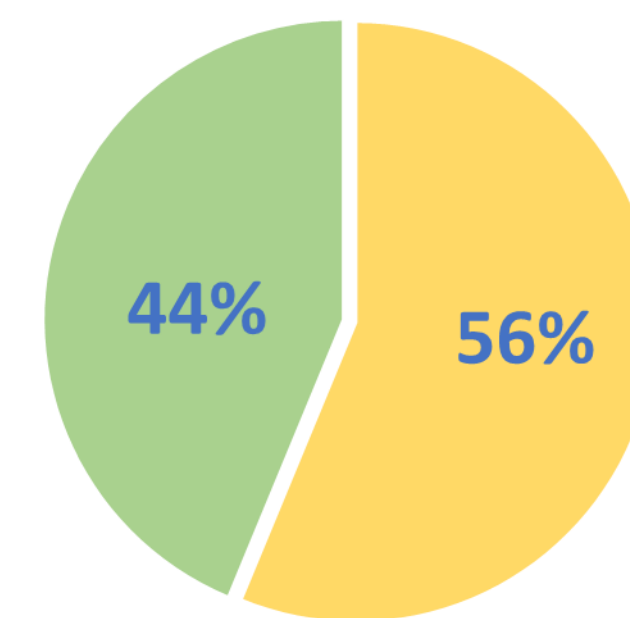


Cell or Gene Therapies

Health gains Cost offsets

Figure 1: Active Comparator

a) Yes (n=48)



b) No (n=38)

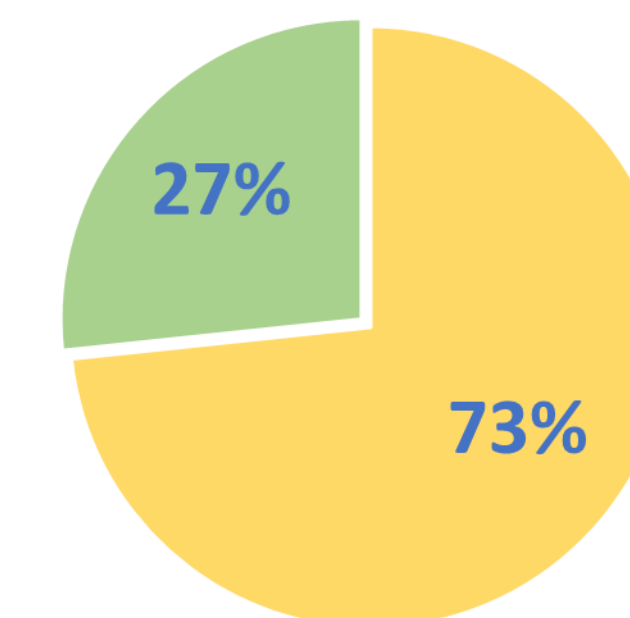
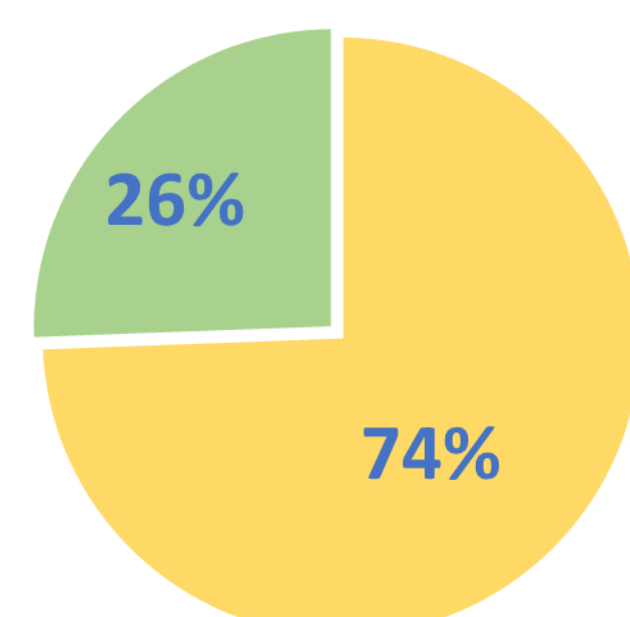


Figure 2: Life Extension

a) Yes (n=45)



b) No (n=39)

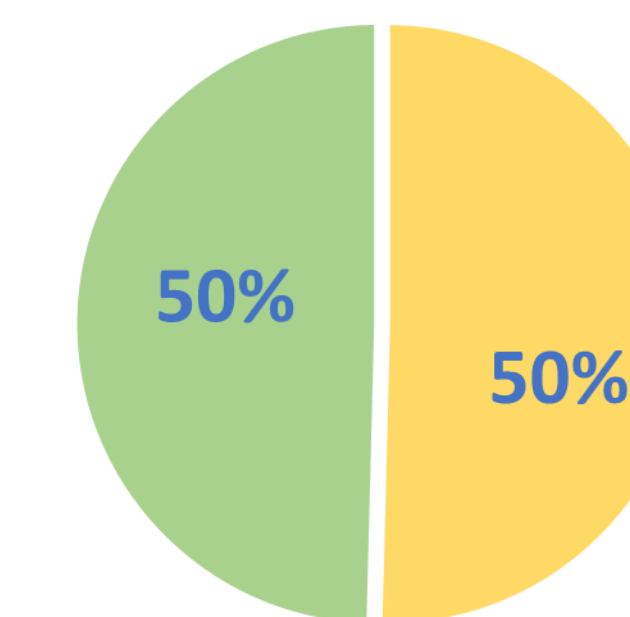
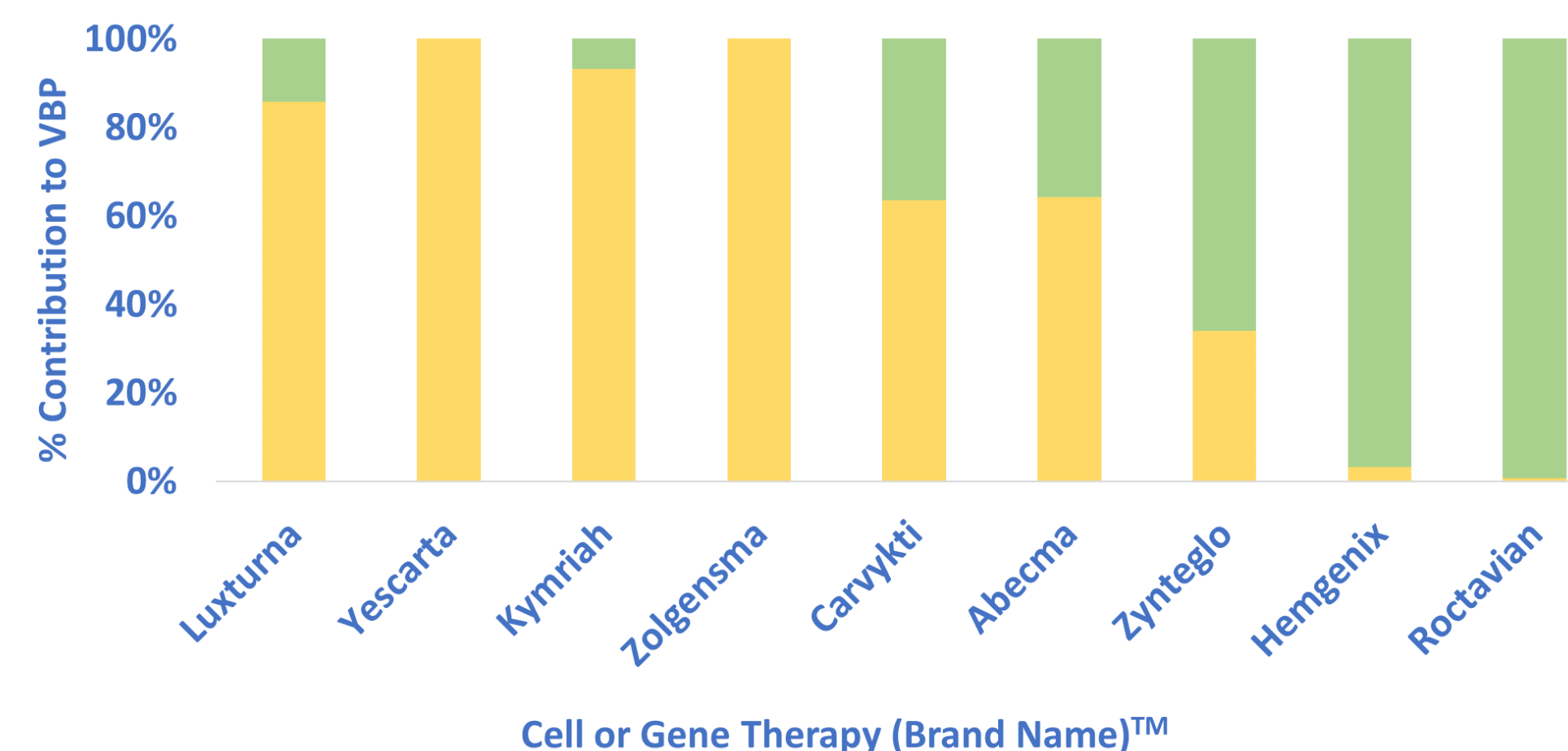


Figure 3: Cell or Gene Therapies (n=9)



Results (cont'd)

- 86 drug/indication combinations were included.
- The percentage of VBP driven by health gains ranged from 0% to 100% (mean: 66%; standard deviation 33%).
- For cell and gene therapies, the percentage of VBP from health gains ranged from 1% to 3% (Roctavian™ and Hemgenix™) to 100% (Yescarta™ and Zolgensma™) (Figure 3).

Discussion

Our analysis was intended to prompt discussion about the building blocks of a drug's VBP:

- Do you feel differently about an intervention whose value is derived mostly from cost-offsets vs. health gains?*
- Does it matter to you where value is coming from?*
- Should this information be commonly reported in cost-effectiveness analyses?*

Conclusions

- The percentage of VBPs derived from health gains varied by condition and intervention.
- Some cell or gene therapies derive high VBPs with only nominal (1-2%) contributions from health gains.
- Deconstructing the building blocks of VBPs offers additional insights to inform deliberations on drug pricing and value.

References

ICER analytics: <https://analytics.icer.org/>