Value Based Healthcare trends, opportunities and challenges in LATAM

Boxiong Tang, MD, PhD
Senior Director Global Health Economics and Outcomes Research
Teva Pharmaceutical
Baltimore, May 2018

Value Based Healthcare

<table>
<thead>
<tr>
<th>Changes required for value-based health</th>
<th>Traditional health systems</th>
<th>Value-based health system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursement</td>
<td>By volume of healthcare activity or product.</td>
<td>By patient outcome compared with alternatives.</td>
</tr>
<tr>
<td>Regulatory approval requirements and process</td>
<td>Demonstrate high quality manufacturing standards, clinical safety and clinical effectiveness, but only against a placebo.</td>
<td>Formal systems in US and EU now require clinical effectiveness to be proven against comparative therapies for best outcome over cost.</td>
</tr>
<tr>
<td>Pricing of supplies</td>
<td>By volume purchased</td>
<td>Relative pricing correlated with health benefit delivered per unit of input.</td>
</tr>
<tr>
<td>Data and records</td>
<td>Lack of measurement of health outcomes, leading to an inability to purchase or performance manage against this metric</td>
<td>Transparency of input (activity and product volumes) and outcomes</td>
</tr>
<tr>
<td>Health system planning</td>
<td>Lack of planning against present and future need</td>
<td>Integrated and collaborative care, budgeted and planned for in accordance with population health needs, access and universal coverage of essential services</td>
</tr>
</tbody>
</table>

Source: The Economist Intelligence Unit

Value Based Healthcare Update, The Economist Intelligence Unit Limited 2015
Role of RWE/HEOR in VBP: Evidence Needs are Evolving

Traditional Needs
• Safety
• Efficacy
• Tolerability
• Adverse Events
• Drug Interactions
• Contraindications
• Precautions & Warnings
• Place of Product in Therapy
• Head to Head Comparisons
• Concomitant Disorders

Evolving Needs
• Medical Cost Offsets (incremental CE)
• Comparative Effectiveness Outcomes
• Reduction in Morbidity & Mortality
• Quality & Adherence (HEDIS measures)
• Health Related Quality of Life
• Reductions in ER Visits & Hospitalizations
• Cost-Effectiveness
• Patient Reported Outcomes
• Productivity (presenteeism, absenteeism)
• Reduction in disease complications

AMCP 2016, Perspectives in Assessing the Value of Emerging Therapies

Increasing use of Performance-based arrangements

T. J. Piatkiewicz et al. PharmacoEconomics Open, July 2017
Cases by Therapeutic Area

Source: UW PBRSA Database

The Vast Majority of Known PBRSAs Exist Outside of the U.S.

Avalere, 2016
Risk sharing is appealing in theory but hard in practice

Key challenge: Define value in health - Measurement challenges
• Agreement upon scheme details in terms of the appropriate outcome measures and subsequent financial reconciliation is the primary challenge
• A product’s real-world outcomes will be affected by a variety of factors outside of manufacturer’s control that can compromise outcomes—for example, inefficient health systems, local practice styles, or poor treatment adherence by patients
• Measurement of outcomes is subject to interrater variability in real-world setting

Administrative burden
• The administrative burden includes the development of processes to track outcomes and personnel time to administer the scheme
• Provider push-back is another challenge

Data infrastructure
• Many payer information systems remain underdeveloped in their ability to track clinical outcomes

Latin America: Value-based Healthcare Trends

• Overall, the alignment of value-based healthcare, vary greatly across Latin America. There is a general need for improvement of healthcare services, including access to care.
• Value-based healthcare models is still in its early stages of development, with several countries starting to consider patients’ preferences and needs when deciding treatment but few official efforts to develop disease registries or value-based payment mechanisms.
• Countries in Latin America face challenges in relation to improving accessibility to treatment and the quality of services, and fragmentation of health systems.

Source: The Economist Intelligence Unit.
Source: The Economist Intelligence Unit Limited 2017
Current Status in Selected Countries

**Brazil**: According to the current Brazilian regulation, risk-sharing negotiations are not defined but discussions regarding these programs have started and the scenario may potentially change in the next few years.

**Mexico**: Initiative undertaken since the establishment of the Coordinating Commission for Negotiating the Price of Medicines (CCPNM), focuses on supporting the development of new drugs through the introduction of risk-sharing models—with risk borne by the industry and the public sector—for pharmaceuticals with development potential. In an effort to foster further successful development of a particular drug, the negotiating team does not insist on the same degree of price cuts at the negotiations, an approach that particularly applies to treatments for cancer or cardiovascular disease.

**Colombia**’s health technology assessment agency, the Instituto de Evaluación Tecnológica en Salud, plays an important role in supporting a culture of technology evaluation, in which doctors make decisions based on objective information about outcomes and effectiveness. The agency, whose role has now expanded into the pharmaceutical sector, is planning to introduce value-based pricing for new drugs.

http://vbhcglobalassessment.eiu.com/

Latin America: Value-based healthcare in kidney disease

Source: The Economist Intelligence Unit.
The Economist Intelligence Unit Limited 2017
Brazil: Value-based Healthcare of Spinal Disorder

Summary

• There is a significant growing interest among both payers and manufacturers of medical products for agreements that involve a “pay-for-performance” or “risk-sharing” element
• There is a range of different types of PBRSAs among different countries to solve different types of problems, mainly cost pressure
• The pace of PBRSAs adoption appears to be slowing but still has traction in many health systems.
• RWE and HEOR are important components in VBP