

IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

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Speakers



- Kalipso Chalkidou Director of Global Health Policy and a Senior Fellow at the Center for Global Development, and also Professor of Practice in Global Health, Imperial College London:
 - She will support the case for HTA as an integral part of MLIC moves to UHC.
- Sarah Garner is Co-ordinator - Innovation, Access and Use. Essential Medicines and Health Products at the WHO and an Honorary Professor at University College London:
 - She will make the case for "fair pricing" addressing affordability, and the need for effective procurement arrangements.

My introduction: Setting the scene

- Challenges to the use of HTA and cost-effectiveness to establish a value-based price
 - Garner et al. "Value-Based Pricing: L'Enfant Terrible" 2018
 - WHO Fair Pricing Forum, April 2017
 - The People's Prescription, October 2018
- What are the issues?

Garner et al. "Value-Based Pricing: L'Enfant Terrible"¹

- In HICs VBP can create affordability issues
- Using cost-effectiveness thresholds as the sole basis for decision making is "fraught with difficulties"
- VBP ignores "need, prevalence and affordability" (Lancet Commission)
- Comparative Effectiveness assessment and budget impact assessment will remain critical
- ..but ..must start with transparency of R&D costs and expected return on investment rather than just discussion of value."
- "no value in a medicine that is too expensive and sits on the shelf."

WHO Fair Pricing Forum, 2017 Meeting Report²



- The relationship between 'value' and 'price' was questioned: consumers may be prepared to pay whatever they can afford.
- A price that all patients can afford reflects the moral obligation to make medicines available to everyone who has a need.
- The need for a sustainable return on investment to ensure companies remain viable was highlighted.
- Need for greater transparency on R&D costs. It has the potential to result in additional benefits, for example, targeted rewards for needed innovation
- Governments need to be enabled to play a stronger role in negotiating prices and where appropriate, incentivising needs-based R&D.
- More cooperative approaches, with governments sharing pricing information, gaining greater leverage when negotiating prices

The People's Prescription³



- Private R&D ignores diseases of the poor and produces "me too" drugs
- VBP enables IP exploitation for "out of reach drug prices"
- Need "mission oriented" approach with public sector incentives R&D for public health priorities
- Need a more collaborative R&D environment with narrow patents
- "Delink" the cost of R&D from the price of any resulting product. Products are launched at generic prices.
- Need public investment in R&D with conditionality
 - Model on US DARPA and BARDA

My initial thoughts...



- Health systems incentivising innovation that is valuable to them by paying for value seems a good idea to me
- Affordability is a very different issue in HICs as compared to MLICs. One is about timing and adjustment, the other about differential pricing
- More open innovation, competition, facilitating entry (more “me too” drugs) all makes sense
- High powered mission-led (value-based) incentives for public health priorities makes sense
- Transparency is only of value if it improves outcomes
- Delinkage risks paying for effort not for outcomes

THANK YOU FOR YOUR ATTENTION



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