

Harvard Pilgrim and Illumina sign first-of-its-kind value-based contract

Real Endpoints plays 3rd party role introducing parties, helping craft structure, and will provide all analytics and financial reconciliation

February 20, 2018 (San Diego CA/Wellesley MA/Westport CT) Illumina, Inc. and Harvard Pilgrim Health Care announced on February 1 a major new value-based contract (VBC) – one of the first of its kind between a manufacturer and a payer in next-generation sequencing (NGS).

This historic agreement will cover Noninvasive Prenatal Testing (NIPT) for average-risk pregnancies, putting both organizations at the vanguard of prenatal screening – with Harvard Pilgrim opening this crucial testing up to a broader population of its members, and Illumina backing the economic risk of the expansion.

At the same time, the collaboration will be gathering the real-world data necessary to demonstrate the value of NIPT in average risk pregnancies – objectively and transparently – to other payers.

Real Endpoints (RE), which has established its credibility as an objective, independent arbiter of value through its value-based contracting work with other players and through tools such as RxScorecard, Payer Impact, and the Reimburseability Heatmap, introduced the parties, then worked with each to craft the collaboration's structure and contract. It will also be responsible for all analytics and financial reconciliation.

The contract will allow many more women – those with average-risk pregnancies, the vast majority of expectant mothers -- to take advantage of NIPT to more accurately screen for the most common chromosomal abnormalities. Currently, many payers limit NIPT coverage to high-risk pregnancies (typically pregnant women 35 years of age or older).

“It's crucial in these arrangements to create trust, which is typically a problem between product companies and payers,” said Ammar Qadan, Vice President of Global Market Access for Illumina. “RE's deep experience, its credibility with both parties, its strategic creativity, and win-win approach are all fundamental to getting these deals signed and making them successful long-term.”

“Manufacturers approach us frequently about entering into value-based contracts,” says Harvard Pilgrim's Chief Medical Officer Michael Sherman, MD. “But even sophisticated pharmaceutical companies do not always have the experience or mindset to approach us having done their homework. In this case, Real Endpoint's understanding of both the payer and manufacturer worlds helped us rapidly reach an agreement that created value for all parties.”

Jane Barlow, MD, MPH, RE's Executive Vice President and Chief Clinical Officer noted that “most of RE's value-based work has been in pharmaceuticals. But Illumina and Harvard Pilgrim both wanted to create greater value from genetic testing, specifically in NIPT, and were each willing to take on meaningful financial risk to prove the technology would provide significant additional benefits without dramatically increasing costs. What they needed was an independent third-party — RE — to help craft a win-win deal that meets each organization's objectives and then credibly monitor the results.”

Genetic testing, said Barlow, is one of the fastest-growing costs for many health plans – albeit a very small percentage of their total spending – and many payers believe that loosening their reimbursement restrictions will dramatically and unnecessarily increase costs. That's why many payers limit NIPT to

high-risk pregnancies, which represent roughly a third of pregnancies among Harvard Pilgrim's members.

Illumina, however, believes that NIPT is in fact highly cost-effective – reducing, among others, the costs associated with unnecessary invasive testing and less effective non-invasive testing. In this contract, Illumina has agreed to cover for one year part of Harvard Pilgrim's testing costs if they increase. At the same time, Harvard Pilgrim is taking a risk by opening up reimbursement to a large population of pregnant women who weren't previously covered for average-risk NIPT. Both parties are also collaborating on a 2-year, real-world study in the Harvard Pilgrim population intended to define the total costs and benefits of NIPT vs. current practice. RE will manage the study's analytics and reporting.

About Harvard Pilgrim Health Care

Harvard Pilgrim and its family of companies provide health benefit plans, programs, and services to more than 3 million customers in New England and beyond. A leading not-for-profit health services company, we guide our members – and the communities we serve – to better health.

Founded by doctors nearly 50 years ago, we're building on our legacy. In partnership with our expansive network of doctors and hospitals, we're improving health outcomes and lowering costs through clinical quality and innovative care management.

Our commitment to the communities we serve is driven by the passion of the Harvard Pilgrim Health Care Foundation. Through its work, low- and moderate-income families are gaining greater access to fresh, affordable food — a cornerstone to better health and well-being.

About Real Endpoints

Real Endpoints prepares healthcare companies to compete successfully in the value-based economy, with a 100% focus on market access. RE helps its clients gain competitive advantage based on three primary assets: insights from our close working relationships with payers; objective, data-driven proprietary tools that reflect market reality ; and creative, deeply experienced, solution-oriented people.