

Designing Benefits and Payment Models for Innovative High-Investment Medications

Stakeholder Conference Summary Report

To explore new models of payment and benefit designs for high-investment medications, the AMCP convened a stakeholder conference in Baltimore Maryland on July 24 and 25, 2018. Health care leaders representing health plans, integrated delivery systems, pharmacy benefit managers, employers, national professional associations, the federal government, and biopharmaceutical companies participated in the forum. The forum stakeholders engaged in thoughtful discussions regarding innovative payment strategies for high-investment medications, and challenges and opportunities when evaluating strategies to provide compensation for breakthrough treatments that require high investments.

Stakeholders acknowledged that the current infrastructure for providing compensation is not designed to meet the needs of high-investment medications and there is a need to shift the health care financing paradigm to accommodate high-investment treatments. They observed that there are many innovative therapies in the pipeline that the current health care system is not well-equipped to handle from resource-allocation perspective. Therefore, proactive strategies are required to prepare the health care system to appropriately utilize the therapies and support appropriate access for patients.

Several contracting and financial models have been proposed for managing costs associated with high-investment medications. Participants selected four potential models for in-depth discussion: annuity payments, reinsurance markets, performance-based payments, and milestone contracting and explored considerations for the application of each. For each model, they discussed various factors such as the components of the model and special considerations, possible roles for key stakeholders, and the clinical application of the model.

They observed that there is no a “one-size-fits-all” approach that will meet the needs of all stakeholders and innovative therapies and that creative solutions may be necessary. Factors including the number of patients affected and payer size, as well as whether the treatment is curative or chronic, will drive appropriate selection of payment models. Participants recommended piloting various strategies and suggested that AMCP have a role in gathering information about pilot programs and disseminating success stories and lessons learned. They also noted that it will be crucial for stakeholders to have access to real world evidence to evaluate performance of new therapies over time and validate long-term safety and efficacy, but that patient switching among payers will constrain timeframes for payment contracts.

The stakeholders observed that there are significant regulatory and policy issues that will need to be addressed in order to facilitate pilot programs that assess the feasibility of various models. For example, they observed that Medicaid best price requirements and other federal and state mandated coverage requirements constrain the use of value-based contracting and other innovative ideas. Health care privacy and the medication approval process were also raises as potential issues. They noted that the process for generating innovative payment models will require experimentation and refinement and advocated for the development of safe-spaces that will allow innovative and creative contracting and financing approaches to be piloted.

Participants identified key roles for AMCP to advance innovative payment models, including acting as a convener of various stakeholders, conducting research and developing coalitions, acting as a repository of information, promoting education and awareness, and stimulating advocacy to address regulatory barriers. A press release describing the forum is scheduled for release on Monday, July 30, 2018.