High cost medicines: innovative ways in gaining access for all

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Disclaimer

This presentation reflects my own views, in particular, on possible access solutions to high cost medicines and does not reflect the views of the government or any other organization or committee that I am affiliated with.

Outline

- Differential pricing
- The bigger picture: ICON's approach
- Funding models
  - Patient access programmes
  - Risk sharing schemes
- Closing remarks

Differential Pricing

Adapting drug prices to the purchasing power of consumers in different geographical or socio-economic segments could potentially be a very effective way to improve access to medicines for people living in low and middle-income countries.

Yadav, P (2010), Differential Pricing for pharmaceuticals

ICON's approach

- Towards equity
  - Cost awareness
  - Costing of clinical protocols
  - Clinical pathways / formulary
  - Re-imbursement linked to benefits
  - Rational use of medicines - EBM
  - Pharmaco-economic evaluation
- Towards improved outcomes
  - Treatment Protocols by treatment intent
- Towards patient-centricity
  - Integrated Continuum of Cancer Care Model

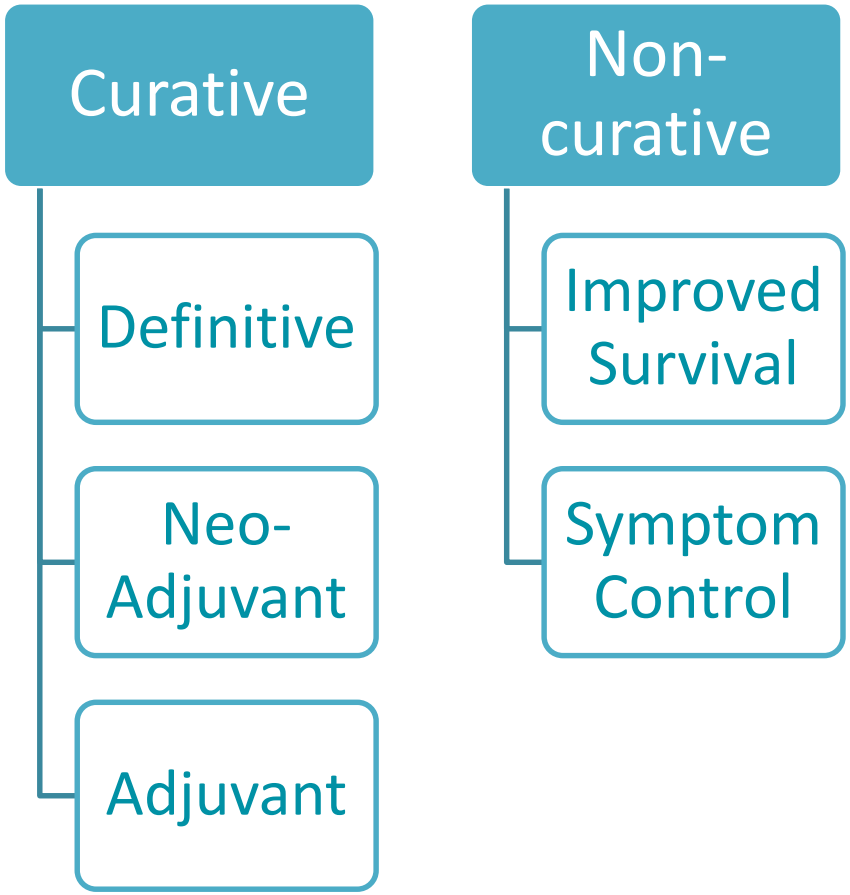
Drug costs for breast cancer curative intent- adjuvant - standard

	Total cost	Tariff cost	Drug cost	Utilization
AC (4)	**R 16,534**	R 12,656	R 3,878	14.4%
Classic CMF (6)	**R 41,951**	R 37,968	R 3,983	6.2%
TC (4)	**R 46,027**	R 12,656	R 33,371	4.9%
FEC100 (6)	**R 31,482**	R 18,984	R 12,498	9.6%
AC(4) + doce(4)	**R 69, 318**	R 25, 312	R 44, 006	19.5%
AC(4) + pacli weekly (12)	**R 74,764**	R 50,624	R 24,140	30.8%
FEC 100(3) + doce(3)	**R 55,329**	R 18,984	R 36,345	5.2%
FEC600/90/600(4)+ pacli weekly(8)	**R 59,810**	R 37,968	R 21,842	0.42%
Doce (3) Trastuzumab(9) FEC(3)	**R160,082**	R 28,476	R 31,606 R 97,164 R 4,346 R 131 606	8.9%

Drug costs for breast cancer curative intent - adjuvant – enhanced

	Total cost	Tariff cost	Drug cost	Utilization
Trastuzumab (18)	R 397,722	R 57,647	R 340,075	39.3%
Carbo/doce(6) Trastuzumab (6)	R249,168	R 20,346	R 58,784 R170,038	3.6%

Protocols driven by treatment intent



Re-imbursement linked to benefits

Develop affordable benchmarks for medicines per cancer type.

Determine a reasonable total cost for the treatment of a specific cancer type per episode of care.

Lab tests	Facility	oncologist
Medicines	Hospital	surgeon
Nursing		

Determine the proportion of medicines of the total cost

Determine a benchmark for medicine costs as a proportion of the medical scheme benefit.

If annual cost of a new medicine is below the medicines affordable benchmark – no problem.

Funding models

- Price volume arrangements
- Patient access programmes (free drugs)
- Risk sharing schemes

Risk sharing

- Value-based pricing
- Conditional coverage
- Conditional re-imbursement
- Coverage with evidence
- No cure no pay
- Health impact guarantee
- Outcomes guarantee
- Performance-based re-imbursement

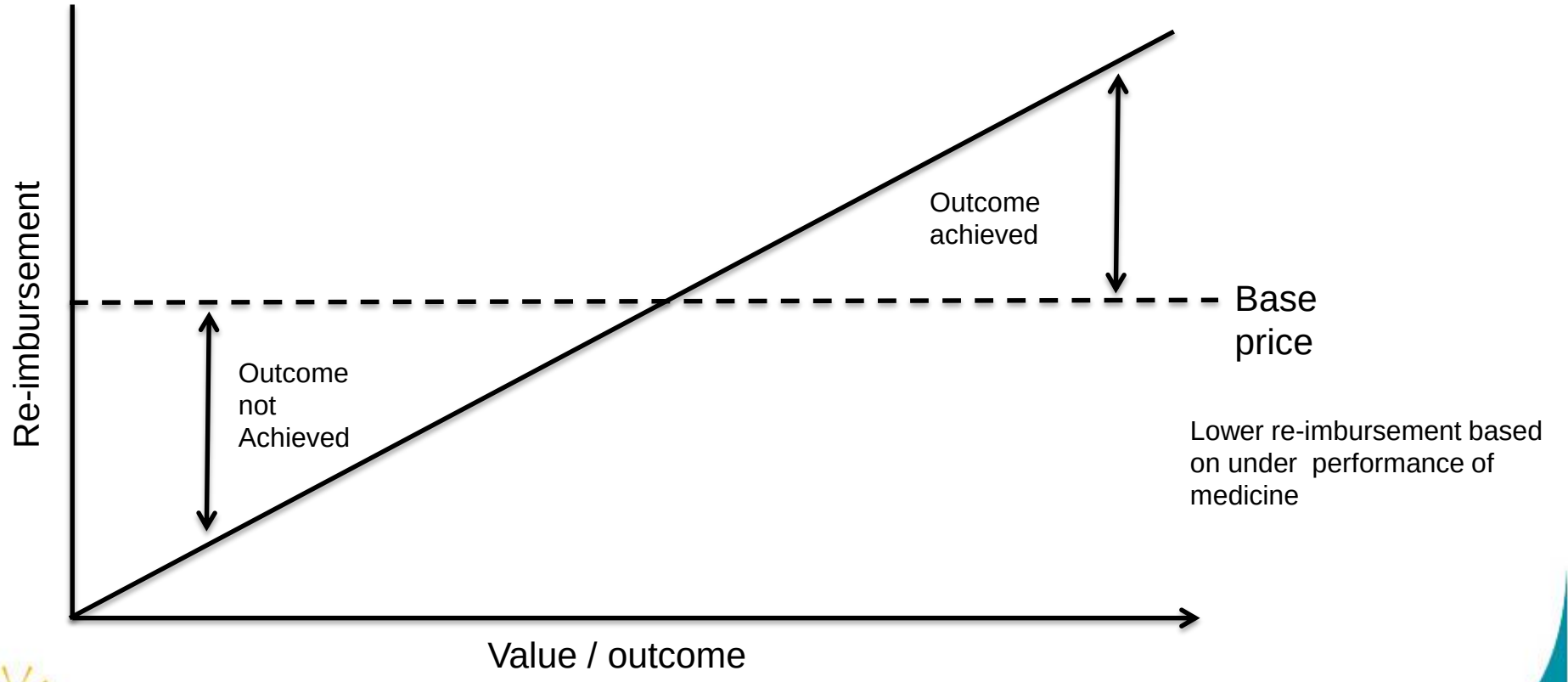
Risk sharing schemes

Process by which two parties or more agree to share the risks associated with achieving a certain outcome.

A risk-sharing agreement is a tool for manufacturers of biological medicines and payers to manage the risk of introducing clinically effective and very expensive medicines into the healthcare market.

Risk-sharing agreements are particularly useful for costly drugs that have some degree of uncertainty associated with their clinical outcomes, and spread the risk between pharma and the payer.

Outcomes-based re-imbursement



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Pros: outcomes-based model

- Improve access to new, innovative drugs
- Outcomes-based approach
- Localised cost-effective targets
- Build clinical experience with medicines
- Opportunities for partnership

Barriers: outcomes-based model

- SEP at launch could be set higher to compensate for risk
- early access to new medicines with as yet unproven efficacy and safety
- Funders may be funding an appreciable proportion of new drug's development costs
- Should not be a substitute for good clinical trials

Barriers: outcomes-based model

- specific objective outcomes for clinical measures not always in place
- validated measurement tools
- burdensome administration (high costs)

Closing remarks

Differential pricing – improves access for all

Some funding models could be implemented in a strictly controlled environment

Competitive and efficient business model – reduce incremental innovation with marginal benefit

Appropriate usage of medicines

Patient-centred – cost-evaluation

Comparative effectiveness

Information-driven care