

# VALUE-BASED HEALTH CARE

AMCP  
Academy of  
Managed Care  
Pharmacy

Identifying Benefits for Patients, Providers & Payers

FOUNDATION

7th Annual Research Symposium – October 16, 2017

## EXECUTIVE SUMMARY

The Academy of Managed Care Pharmacy (AMCP) Foundation's 7th Annual Research Symposium, *Value-Based Health Care: Identifying Benefits for Patients, Providers & Payers*, provided a forum for addressing and building a better understanding and appreciation for varied perspectives of different stakeholder definitions of value in health care.

Symposium presentations focused on the importance of understanding how patient care decisions should or could be made to address care delivery considerations beyond the current primary focus on the cost of care. Cliff Goodman, PhD of The Lewin Group moderated and Alan Balch, CEO of the Patient Advocate Foundation delivered the keynote address. Further details and speaker presentations are available at [www.amcp.org/amcp-foundation/resources/proceedings/](http://www.amcp.org/amcp-foundation/resources/proceedings/).

### Health Care Expenditures A Driving Force

From a policy agenda, the growth in health care costs has been the dominate issue. In 2016, U.S. health care spending increased to \$3.3 trillion, with consumer out-of-pocket spending increasing 3.9% from the prior year according to the Centers for Disease Control (CDC). This equates to nearly \$10,000 per person. Of the countries spending the most on health care, the U.S. is first followed by Norway; with the overall share of the U.S. economy devoted to health care spending at 17.9 percent in 2016.

Several symposium presenters stressed that fully understanding value in health care requires that we develop a standardized process for incorporating the patient perspective into health care decision-making at multiple points in their journey. Currently, many gaps exist in our ability to realize this need. Value frameworks and health economic analyses they contend, have yet to fully capture what really matters most to the patients themselves, which prevents those needs and desires from being fully incorporated into the complex

equations which inform population-level health care decisions.

The current approach to understanding value and utility in the health care system falls short of capturing many aspects of care that really matter to patients including variation in those preferences based on type of disease, stage of disease, socio-economics, and other characteristics that shape patient preferences.

### Value Frameworks and Their Use

Increased interest in value in health care has been fueled by many factors. Certainly, the great attention to new, high-cost therapies over the past several years has played a key role. Simultaneously, developments in our capabilities for measuring value, through growth in our capacity to generate real-world evidence (RWE) and increasingly sophisticated analytical tools and approaches, better enable stakeholders within the health care system to understand and consider value in our decision-making.

One significant example of the increased focus on value over the past several years, particularly in the U.S., has been the emergence and greater prominence of a variety of value frameworks. These frameworks offer a means to objectify the elements of value, and in some circumstances, to imply a "fair" price based on that value. However, these frameworks come in many forms, targeting different stakeholder groups, and consequently, no two frameworks are alike.

### The Value Perspective at AMCP

AMCP's central mission has always been to deliver the right drug, to the right patient, at the right time, while optimizing health care resource utilization. Today's shift towards rewarding value over volume is exciting. Managed Care professionals have long been committed to improving quality and patient outcomes. Until

recently, however, we've lacked the means to effectively assess those outcomes and reward them for value. Recent AMCP initiatives and involvement in the value area include:

## AMCP ENGAGEMENT IN VALUE

- Support for Pharmaceutical Information Exchange Act of 2017
- Biologics and Biosimilars Collective Intelligence Consortium
- AMCP Partnership Forum on Value-based Contracting
- Defining Value-Based Contract Best Practices for Developing and Implementing Value-Based Contracts

## Patient-Centered Care

Patient advocates noted that the term patient-centered means a lot of things to a lot of different people. Presented as critical factors that must be considered in a patient-centered perspective are:

- The range of endpoints, care outcomes and treatment goals that matter to patients;
- Factors that influence differences in value to patients within populations;
- Differences in perspectives and priorities between patients, caregivers, people with disabilities, consumers and beneficiaries;
- How patients want to be engaged in their health care and treatment decisions, and characteristics of meaningful shared decision-making to support this.

A key challenge in patient engagement as it relates to health care decision-making is the use of quality-adjusted life years (QALYs), a metric designed to assess how much value one treatment might have over another. The use of QALYs in decision-making has several substantial limitations and risks:

QALYs are often derived from population-based surveys which assess how persons would value their lives in a particular state of health, or what they are willing to trade to treat a hypothetical health condition or symptom. This is a very challenging methodology and its ability to

assess patient preferences is questionable. Literature shows that different surveys will often yield wildly different results.

The “one-size-fits-all” nature of a metric such as QALYs is fundamentally inconsistent with the personalized medicine and patient-centered care movements. The value of perfect health over pre-defined less-than-perfect states of health introduces the potential for discrimination against people with serious conditions or disabilities that may last a lifetime.

## The Payer, Provider and Manufacturer

Presenters expressing the viewpoints of payers and providers stated these stakeholders are extremely interested in value. Both want a value-based future. Generally these sectors see the opportunity that exists through innovative approaches.

At the same time, they share similar challenges. They often operate with a great deal of complexity of regulations, complexity of business relationships and constraints. These elements are very difficult to navigate, especially in the course of having a dialogue with a counter-party in a negotiation. For some payers the fear and concern about having an information disadvantage, or a technical expertise disadvantage, represent another hurdle. So while in concept value-based care is of interest to both parties, often payers and manufacturers don't make much progress towards implementing it in the form of a value-based contract.

For payers, when using value frameworks it will be important to recognize that value frameworks consider different factors in different ways; multiple frameworks must be considered to better appreciate these different perspectives. Moreover, deeper incorporation of the patient perspective into benefit design presents a substantial challenge and opportunity. Patients clearly differ from one another. Yet benefit designs seldom do. Even for value-based insurance designs, which provide high-value therapies at lower cost, decisions about value are made by plan administrators, not patients. The opportunity exists to invent a new value benefit design taking into account those elements important to the patient.