

Value-Based Payment Arrangements for Rx

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Campaign for Transformative Therapies



Gene Therapies

- Gene therapies will
 - Revolutionize the treatment of many diseases
 - Create significant healthcare financing issues
- Medicaid will be required to cover these treatments
 - High costs will create efforts to limit access

The explosion of patient transforming treatments requires Medicaid to start looking at these issues now.

Gene Therapies: Truly Transformative Treatments

- *Zolgensma* - Spinal Muscular Atrophy
- Roctavian and Etranocogene Dezparovec – Hemophilia
- Casgevy and Lyfgenia – Sickle Cell Disease
- 30 gene therapies have been approved – most related to rare diseases
- 56 gene therapies are currently in therapy trials
- More than 60 expected to be approved for US market by 2030
- As 2023, there were 2,111 gene or cell therapies in development
- Recent projections indicate an average of 93,000 patients will be treated by cell and gene therapies by 2030, which is a fraction of one percent of the



Medicaid Financing: Drug Spend

Access

- States use a variety of methods to limit access to high-cost drugs
 - Utilization review / Managed Care
 - PBM Contracting / Preferred Drug Lists

Cost

- States have access to a variety of cost limits including best price
- Risk sharing
 - Carving out high-cost drugs from MCO contracts
 - Reinsurance or risk pool mechanisms to share high costs

Quality

- Medicaid requires coverage of all medications

Value Based Payments (VBP) can help control both access and cost by aligning the interests of the drug company and Medicaid

- Broad Patient Access
- Sustainable Reimbursement Strategy:
 - Share Risk
 - Hold Manufacturers Accountable
 - Measure Outcome(s)
 - Did the drug do what it was supposed to do?
- Improve Patient Lives
- Interchangeable terms:
 - OBA: Outcomes-Based Arrangement
 - VBA: Value-Based Arrangement (can be used for both prescription drugs and medical services)
 - VBP: Value-Based Purchasing Arrangements (the term CMS uses)



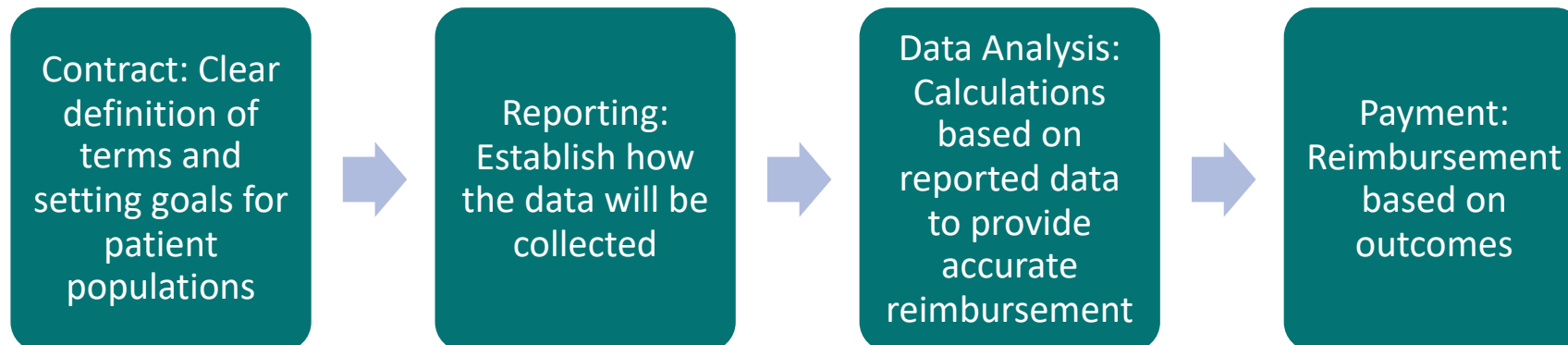
State policymakers need
solutions that balance
access **AND** cost

Value-Based Payment Arrangements 101

- VBPs tie reimbursement to outcomes (i.e. did the drug do what it was supposed to?)
- VBPs can base outcomes on: clinical circumstances, patient outcomes, or other measures
- The reimbursement structure can vary:
 - Rebates/refunds, paying directly for a service, etc.

Also Known As (AKA):

- Outcomes-based
- Pay-for-performance,
- Innovative payment arrangements
- Alternative payment arrangements



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Why Is this Important for Patients with Rare Diseases?

Value-based arrangements **improve patient access to innovative therapies** by reducing cost and risk for health plans/Medicaid programs

OBA's reduce wasteful spending by targeting the right drug to the right patient and refocusing spending on drugs that actually work

OBA's increase patient access by mitigating risk and costs borne by payers

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How do Value-Based Payments work?

- Medicaid contracts with drug manufacturer setting terms of the agreement
 - Access
 - Cost
 - Risk Structure
- Agreement provides broad access only to eligible patients
- Patient outcomes are tracked to determine success of therapy
 - May use claims history, medical records, or specific testing
- The gene therapy's effectiveness is measured. Contracts vary but may look at the population or down to the individual patient level.

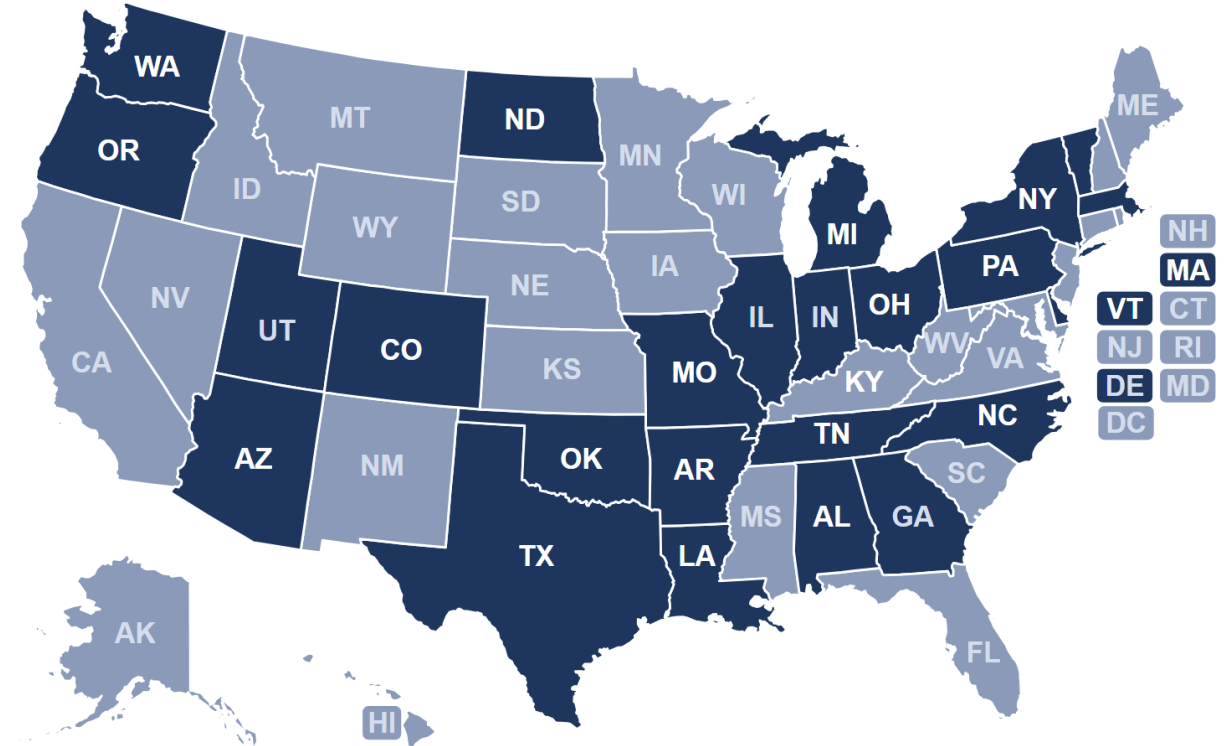
A stack of five dark, rounded stones is balanced on a weathered wooden post. The stones are arranged in a pyramid-like structure: one stone on the post, two on top of it, and two on top of those. The background shows a beach with waves and a clear blue sky. The text is overlaid in white, bold font.

VBPs ensure broad access and control costs by requiring drug manufacturers to share risk.

State Plan Amendments

- 24 States: AL, AR, AZ, CA, CO, DE, GA, IL, IN, LA, MA, MI, MO, NC, ND, NY, OH, OK, OR, PA, TX, UT, VT, WA
- Multiple others exploring the issue
- Enables a path forward; NOT a mandate
- Flexibility for states & CMS (types of therapies, VBAs)
- In some cases, your Medicaid agency may have the authority in others the agency will need legislative approval.

States with Approved Medicaid Pharmacy Outcomes-Based Arrangements



Resources

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[DOWNLOAD 2023 WHITE PAPER HERE](#)



[DOWNLOAD THE VBP INFO GRAPHIC](#)