

DEFINING THE SCOPE OF “VALUE-BASED PRICING”

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Disclosures

I serve on the Midwest Comparative Effectiveness Public Advisory Council (CEPAC) for the Institute for Clinical and Economic Review (ICER).

Framing the Discussion

The image is a screenshot of the Journal of Health Politics, Policy and Law website. At the top, the journal's name is displayed in a large, bold, white font on a dark purple background. Below the name is a navigation bar with several menu items: ISSUES, ADVANCE PUBLICATION, FOR AUTHORS (with a dropdown arrow), ALERTS, PURCHASE, and ABOUT (with a dropdown arrow). The main content area features the text 'JOURNAL ARTICLE' followed by the article title 'Innovative Contracting for Pharmaceuticals and Medicaid's Best-Price Rule' in a large, bold, black font. A green circular badge with the word 'FREE' is positioned next to the title. Below the title, the authors' names 'Rachel Sachs; Nicholas Bagley; Darius N. Lakdawalla' are listed in a smaller, blue font. Further down, the citation information 'J Health Polit Policy Law (2018) 43 (1): 5-18.' is shown. Below the citation is the DOI: <https://doi.org/10.1215/03616878-4249796>. At the bottom of the article information, it says 'Published: February 01 2018'. On the right side of the page, there is a vertical line and the year '2018' at the bottom.

What Do We Usually NOT Mean By “Value-Based Pricing”?

- Direct comparison of costs and benefits to develop a price per QALY number or similar
 - ▣ ICER
 - ▣ NICE

Table ES12. Draft value-based price benchmarks for second-line regimens

| Regimen | WAC Price per Vial/Capsule | Cost to Achieve \$100K/QALY | Cost to Achieve \$150K/QALY | Draft Value-Based Price Benchmark |
|-------------|----------------------------|-----------------------------|-----------------------------|-----------------------------------|
| CFZ+LEN+DEX | \$1,862 | \$673 | \$1,267 | \$673 to \$1,267 |
| ELO+LEN+DEX | \$2,368 | \$267 | \$588 | \$267 to \$588 |
| IX+LEN+DEX | \$2,890 | \$181 | \$587 | \$181 to \$587 |

Source: ICER, Multiple Myeloma: Effectiveness, Value, and Value-Based Price Benchmarks (2016).

What Do We Usually Mean By “Value-Based Pricing”?

- Outcomes-based pricing
- Indication-based pricing (with one caveat)
- Drug mortgages
- Drug licenses

Matching the Drug to the Model

- Outcomes-based pricing
- Indication-based pricing (with one caveat)
- Drug mortgages
- Drug licenses
- All supported by QALY-based approach

Questions?

