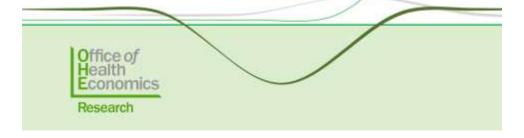
IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

Adrian Towse

Director of the Office of Health Economics Visting Professor, London School of Economics ISPOR Barcelona 2018



Speakers



- Kalipso Chalkidou Director of Global Health Policy and a Senior Fellow at the Center for Global Development, and also Professor of Practice in Global Health, Imperial College London:
 - She will support the case for HTA as an integral part of MLIC moves to UHC.
- Sarah Garner is Co-ordinator Innovation, Access and Use. Essential Medicines and Health Products at the WHO and an Honorary Professor at University College London:
 - She will make the case for "fair pricing" addressing affordability, and the need for effective procurement arrangements.



My introduction: Setting the scene

- Challenges to the use of HTA and costeffectiveness to establish a value-based price
 - Garner et al. "Value-Based Pricing: L'Enfant Terrible" 2018
 - WHO Fair Pricing Forum, April 2017
 - The People's Prescription, October 2018
- What are the issues?



IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

Garner et al. "Value-Based Pricing: L'Enfant Terrible"1

- In HICs VBP can create affordability issues
- Using cost-effectiveness thresholds as the sole basis for decision making is "fraught with difficulties"
- VBP ignores "need, prevalence and affordability" (Lancet Commission)
- Comparative Effectiveness assessment and budget impact assessment will remain critical
- ..but ..must start with transparency of R&D costs and expected return on investment rather than just discussion of value."
- "no value in a medicine that is too expensive and sits on the shelf."



IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

UNIVERSAL HEALTH COVERAGE?

¹Garner et al. (2018) PharmacoEconomics 36:5-6

WHO Fair Pricing Forum, 2017 Meeting Report²

- The relationship between 'value' and 'price' was questioned: consumers may be prepared to pay whatever they can afford.
- A price that all patients can afford reflects the moral obligation to make medicines available to everyone who has a need.
- The need for a sustainable return on investment to ensure companies remain viable was highlighted.
- Need for greater transparency on R&D costs. It has the potential to result in additional benefits, for example, targeted rewards for needed innovation
- Governments need to be enabled to play a stronger role in negotiating prices and where appropriate, incentivising needsbased R&D.
- More cooperative approaches, with governments sharing pricing information, gaining greater leverage when negotiating prices



IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

²WHO 2017 available at http://www.who.int/medicines/access/fair_pricing/fair_price_report/en/

The People's Prescription³



- Private R&D ignores diseases of the poor and produces "me too" drugs
- VBP enables IP exploitation for "out of reach drug prices"
- Need "mission oriented" approach with public sector incentives R&D for public health priorities
- Need a more collaborative R&D environment with narrow patents
- "Delink" the cost of R&D from the price of any resulting product. Products are launched at generic prices.
- Need public investment in R&D with conditionality
 - Model on US DARPA and BARDA



IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

UNIVERSAL HEALTH COVERAG

³Mazzucato et al. 2018.Available at:

https://www.ucl.ac.uk/bartlett/public-purpose/publications/2018/oct/peoples-prescription

My initial thoughts...



- Health systems incentivising innovation that is valuable to them by paying for value seems a good idea to me
- Affordability is a very different issue in HICs as compared to MLICs. One is about timing and adjustment, the other about differential pricing
- More open innovation, competition, facilitating entry (more "me too" drugs) all makes sense
- High powered mission-led (value-based) incentives for public health priorities makes sense
- Transparency is only of value if it improves outcomes
- Delinkage risks paying for effort not for outcomes



IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?

THANK YOU FOR YOUR ATTENTION

To enquire about additional information and analyses, please contact Professor Adrian Towse at atowse@ohe.org

To keep up with the latest news and research, subscribe to our blog, $\underline{\text{OHE News}}$ at $\underline{\text{http://news.ohe.org}}$

Follow us on Twitter <u>@OHENews</u>, <u>LinkedIn</u> and <u>SlideShare</u>
OHE's publications may be downloaded free of charge from our website.

Office of Health Economics (OHE)

Southside, 7th Floor 105 Victoria Street London SW1E 6QT United Kingdom

+44 20 7747 8850 www.ohe.org

The Office of Health Economics is a UK charity (registration number 1170829) and a not-for-profit company limited by guarantee (registered number 09848965)



IP8: HTA VALUE BASED PRICING VERSUS WHO FAIR PRICING. WHICH DELIVERS UNIVERSAL HEALTH COVERAGE?