Status of Outcome-Based Contracts Amongst US Payers

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Background

- The US healthcare system has been going through a paradigm shift from volume-to-value, focusing on controlling healthcare spending and improving patient outcomes.
- Value-based and outcomes-based contracts offer promising ways to demonstrate value and have a potential to control costs by sharing risk across stakeholders.
- Although the number of announced outcomes-based contracts (OBCs) has been increasing, the actual uptake has been difficult to quantify.
- Additionally, there is a dearth of research that has systematically assessed the VBCs/OBC landscape based on managed care payers' perceptions.

Objective

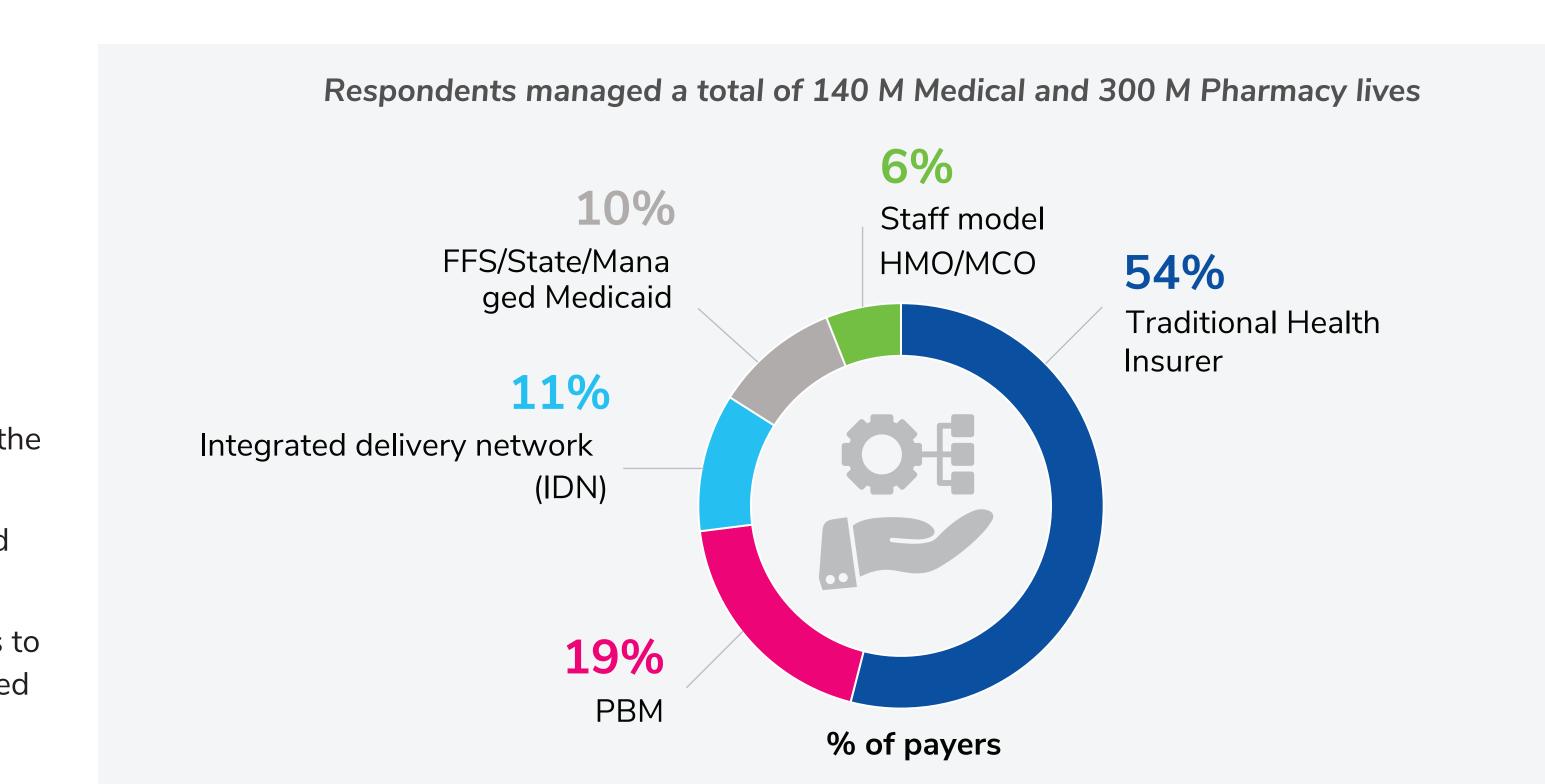
The objectives of this study were to examine:

- Current OBC activity in the USA, including risk sharing
- Therapy areas most suited for OBC
- Factors that could drive consideration of OBC offerings by payers
- Ways by which manufacturers could improve these offerings

Methods

- An online survey was conducted with 48 active payers (18 medical and 30 pharmacy directors), 9 of which were Pharmacy Benefit Managers (PBMs)
- All respondents made new drug formulary coverage decisions and were chairing or advising their Pharmacy & Therapeutics (P&T) committees.
- The respondents are members of the Indegene proprietary payer panel.
- The data collection was completed in August 2022.
- The survey took about 30 minutes to complete, and respondents received honorarium for participation and completion of the survey.

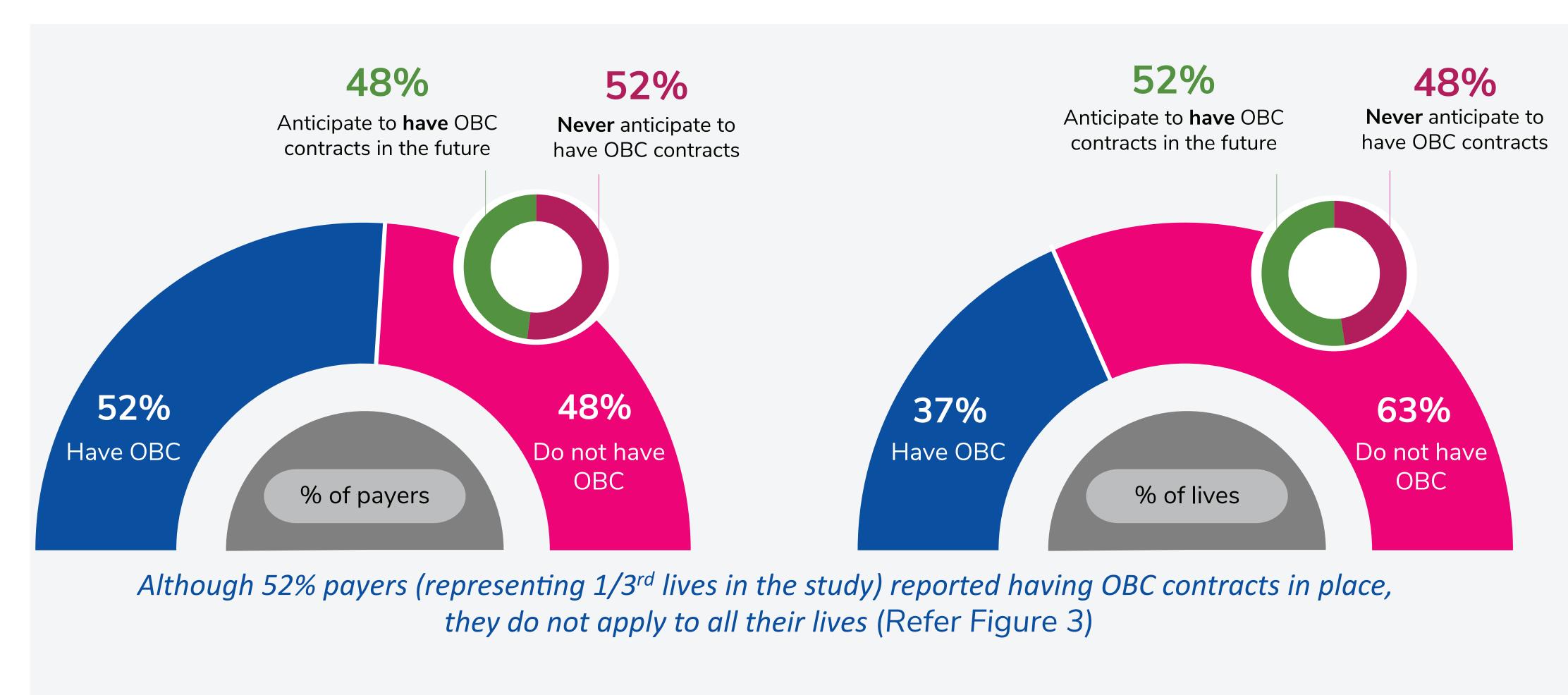
Figure 1: Payer Demographics



Results

- Currently, 52% payers (representing 1/3rd lives in the study) reported having OBC contracts in place, but they do not apply to all their lives (Refer Figure 2).
- 48% payers (representing 2/3rd of lives in study) do not have any OBCs.
- Of those, 48% of payers anticipated having OBCs in the future and 52% would never have it.
- Results showed that OBCs currently apply to only 11% lives in the study (Refer Figure 3).

Figure 2: Status of plan's having outcome based (OBC) contracts in place



Results (continued)

Figure 3: OBCs apply to only 11% of lives in the study



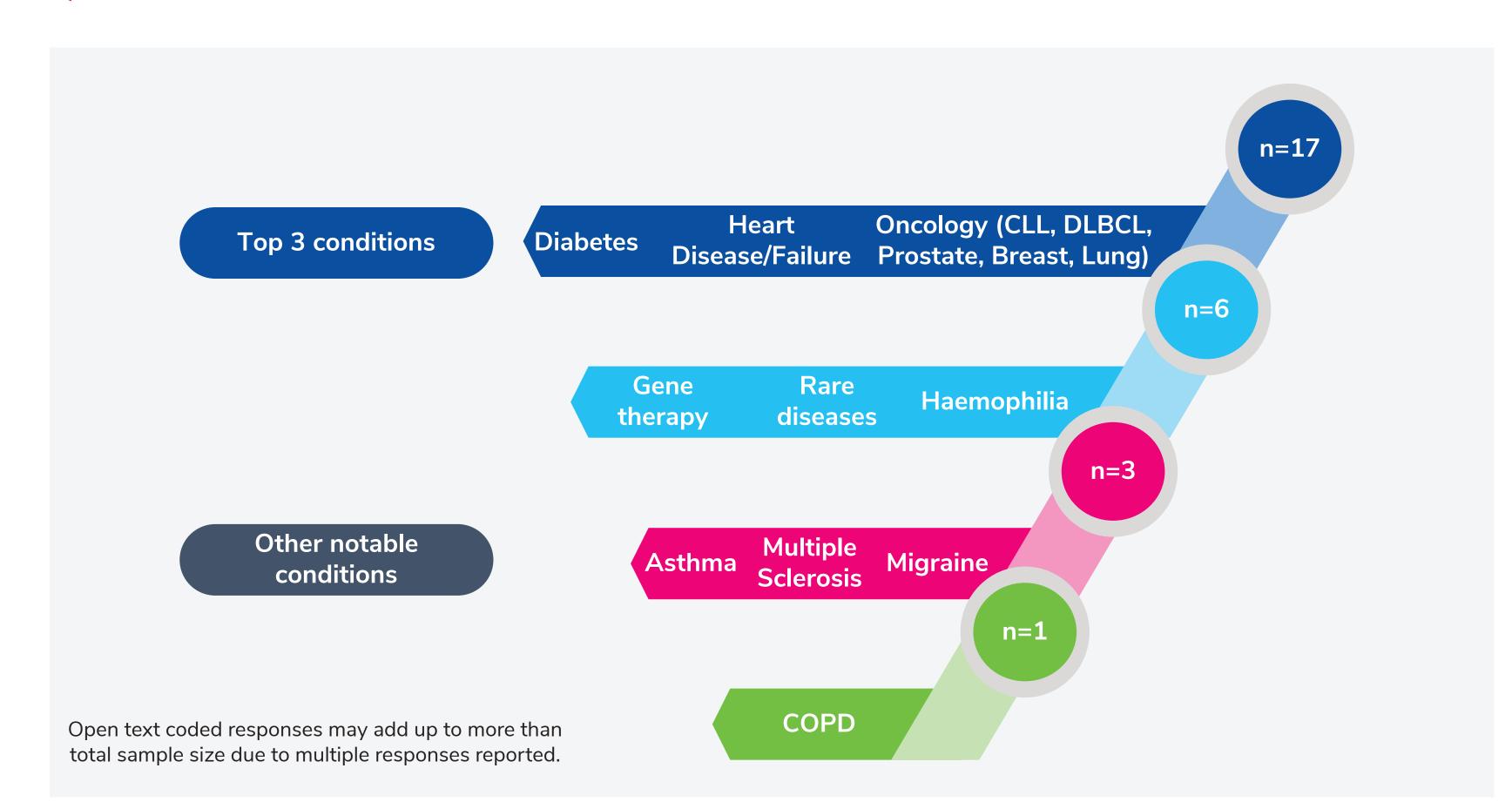
Figure 4: Majority of payers who have OBC contracts have started implementing them in the last 5 years



- Of the 52% payers that have OBCs in place, majority include risk sharing. Other arrangements include measures such as adherence, biomarkers, capped pricing, insurance riders, stop loss coverage, non-performance etc.
- Of those payers that stated having OBCs, 64% of payers rated diabetes, cardiovascular, rare diseases, gene therapies and hemophilia to be most attractive for OBC (Refer Figure 5).
- Of those payers that have OBCs, most payers (57%) have OBCs for less than 10 products* (Refer Figure 6).

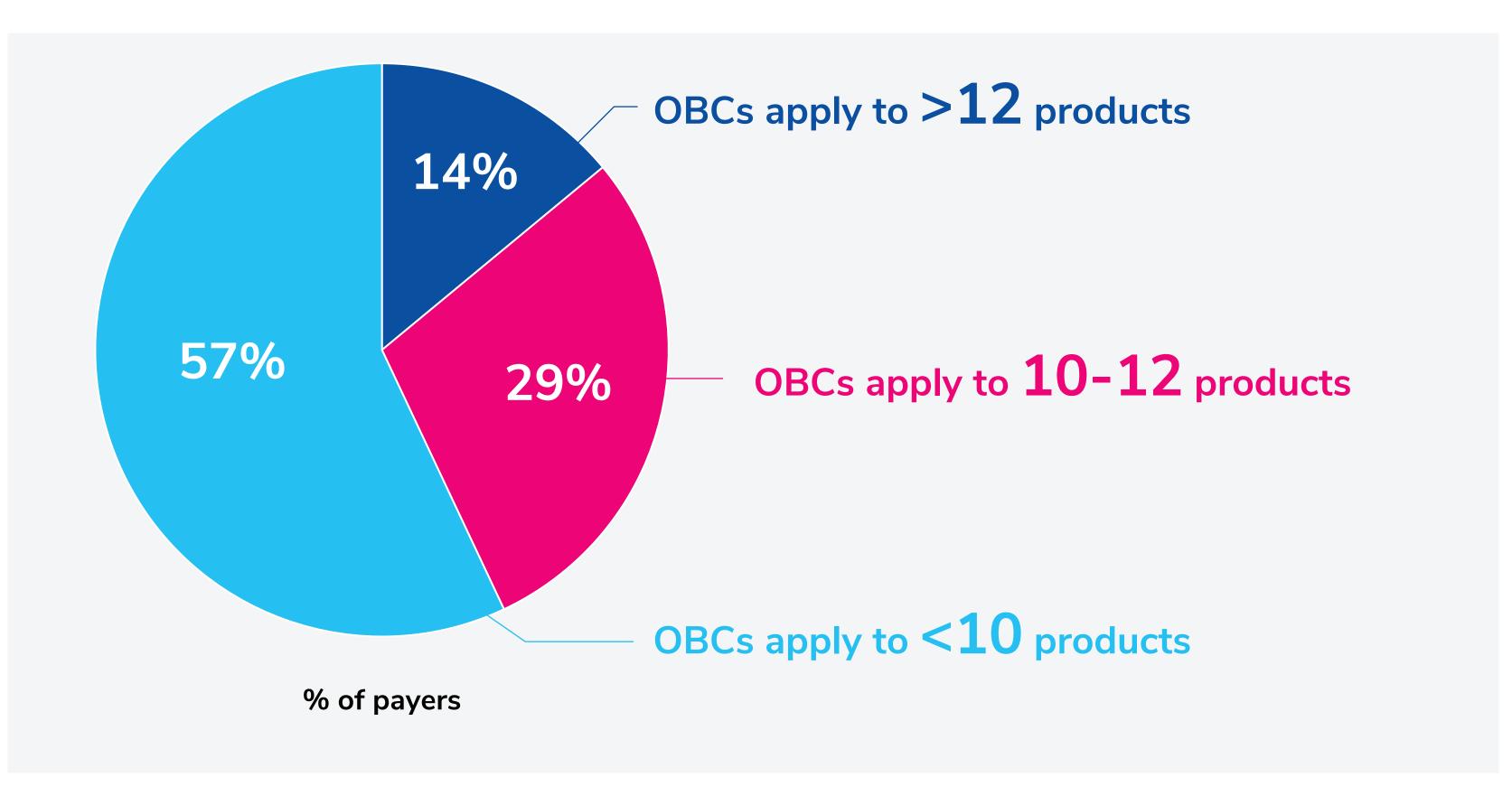
*Product list has been hidden to maintain confidentiality

Figure 5: Conditions/disease states that are most suited for OBCs



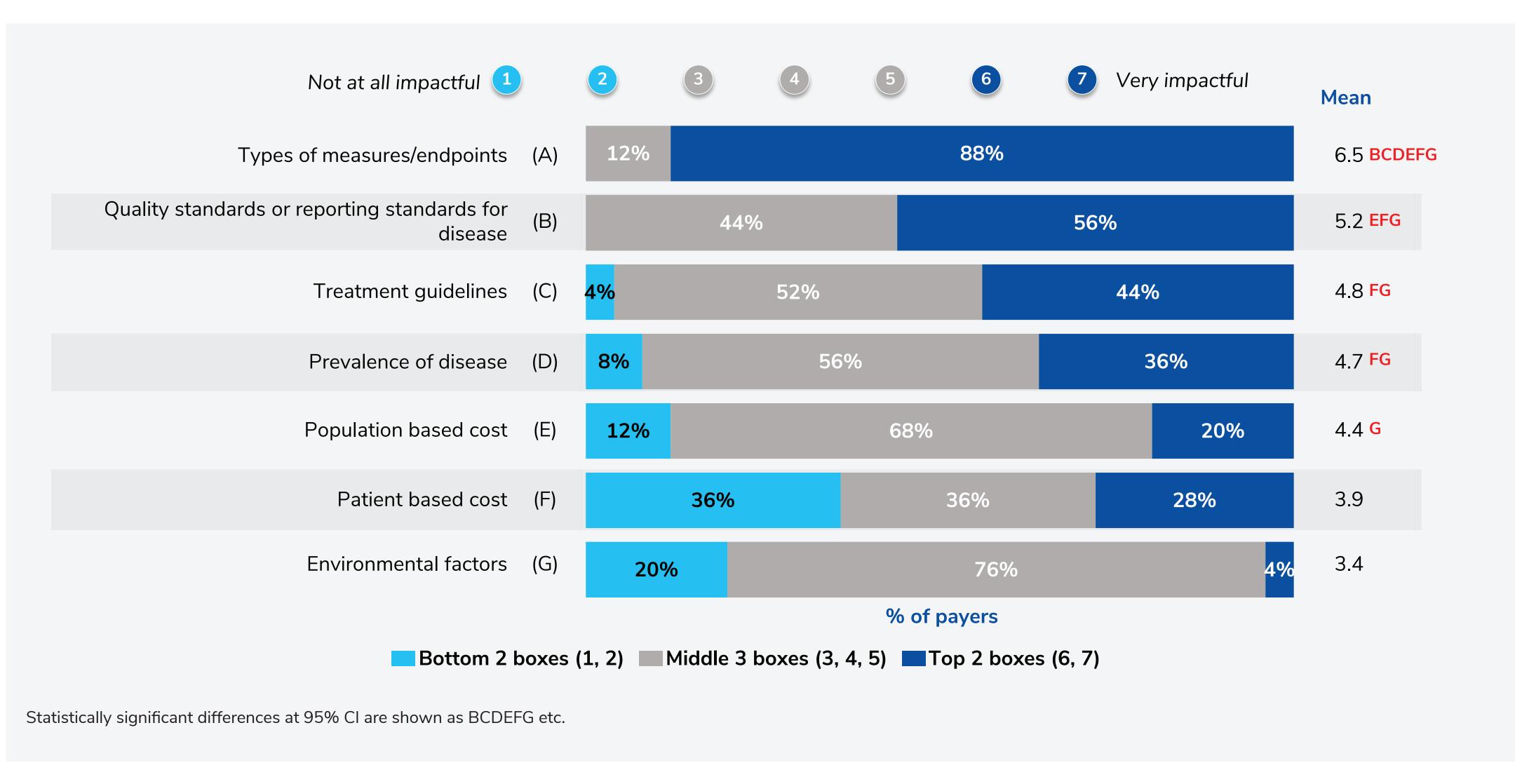
Results (continued)

Figure 6: Most payers that have OBCs, have it for less than 10 products



- Of those plans that have OBCs, almost 90% indicate measures/ clinical endpoints are the most impactful factors when considering OBC offerings (Refer Figure 7).
- o About 50% of payers indicated that quality standards/reporting standards for disease are very impactful when considering OBC offerings
- About 40% of payers also perceive treatment guidelines and prevalence of diseases to have an impact when considering OBC offerings
- For more than 80% of payers, population, patient and environmental based costs seem to have relatively lower impact when considering
 OBC offerings

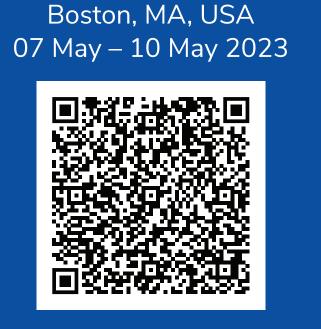
Figure 7: Level of impact of each of the following attributes when considering OBC offerings



- Payers see OBCs as an appropriate endeavor when there is a quantifiable endpoint and a disease of interest.
- Payers believe that manufacturers can improve OBC offerings by increasing risk sharing and identifying measurable outcomes.
- About a third of payers indicated that risk-sharing contracts are desirable for those manufacturers that are planning on improving OBC offerings.
- Another quarter indicated that having outcomes that can be measured over a specified period of time (e.g., one year) can be useful for improving OBC offerings.

Conclusion

- Research indicates that outcomes-based contracts apply to only a small number of lives managed by payers (11% lives in the study).
- Payer interest to adopt OBCs in the future is mixed with 23% payers having some level of interest and another 25% never expecting to adopt OBCs for their plan lives.
- Results indicate that lack of interest in having OBCs is due to a lack of measurable outcomes and minimal risk sharing by manufacturers.
- While we anticipate some payers to increase OBC offerings in the future, not all payers will be willing to
 adopt unless they are easy to interpret and risk sharing from manufacturers is expanded.



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