

Value Based Healthcare trends, opportunities and challenges in LATAM

Boxiong Tang, MD, PhD
Senior Director Global Health Economics and Outcomes Research
Teva Pharmaceutical
Baltimore, May 2018

Value Based Healthcare

The changes required for value-based health		
	Traditional health systems	Value-based health system
Reimbursement	By volume of healthcare activity or product	By patient outcome compared with alternatives
Regulatory approval requirements and process	Demonstrate high quality manufacturing standards, clinical safety and clinical effectiveness, but only against a placebo	Formal systems in US and EU now require clinical effectiveness to be proven against comparative therapies for best outcome over cost
Pricing of supplies	By volume purchased	Relative pricing correlated with health benefit delivered per unit of input
Data and records	Lack of measurement of health outcomes, leading to an inability to purchase or performance manage against this metric	Transparency of input (activity and product volumes) and outcomes
Health system planning	Lack of planning against present and future need	Integrated and collaborative care, budgeted and planned for in accordance with population health needs, access and universal coverage of essential services

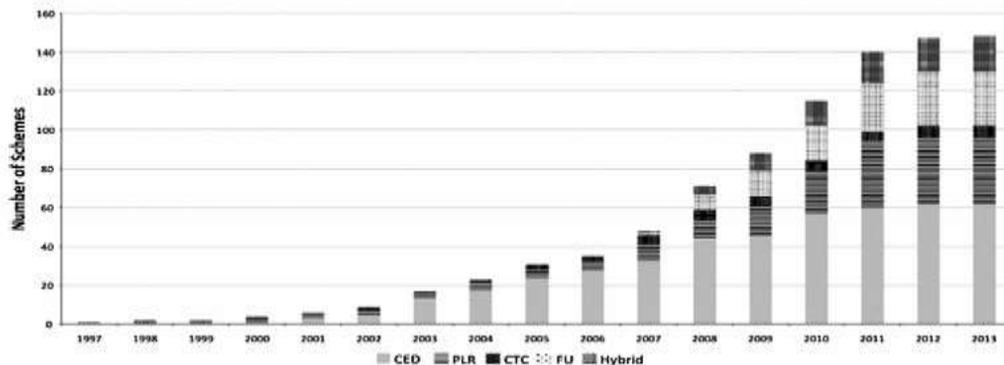
Source: The Economist Intelligence Unit

Role of RWE/HEOR in VBP: Evidence Needs are Evolving



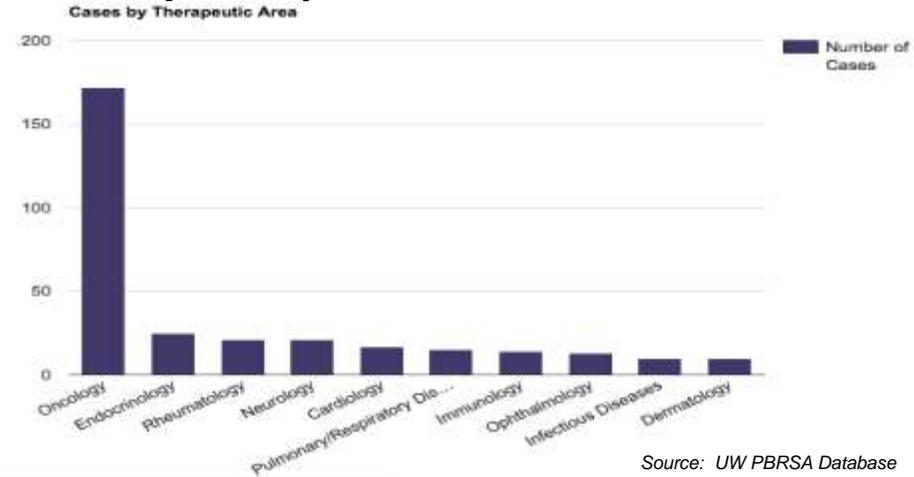
AMCP 2016, Perspectives in Assessing the Value of Emerging Therapies

Increasing use of Performance-based arrangements



T. J. Piatkiewicz et al. Pharmacoeconomics Open, July 2017

Cases by Therapeutic Area



5

The Vast Majority of Known PBRSA Exist Outside of the U.S.



The majority of arrangements have been in the EU with a single payer system. In the U.S., much of the activity has been CMS' application of coverage with evidence development (19 of the 52 U.S. arrangements), with the majority of pharmaceutical agreements having been implemented with payers, where provider-focused agreements are more likely to be device-focused.

Avalere, 2016

6

Risk sharing is appealing in theory but hard in practice

Key challenge: Define value in health - Measurement challenges

- Agreement upon scheme details in terms of the appropriate outcome measures and subsequent financial reconciliation is the primary challenge
- A product's real-world outcomes will be affected by a variety of factors outside of manufacturer's control that can compromise outcomes—for example, inefficient health systems, local practice styles, or poor treatment adherence by patients
- Measurement of outcomes is subject to interrater variability in real-world setting

Administrative burden

- The administrative burden includes the development of processes to track outcomes and personnel time to administer the scheme
- Provider push-back is another challenge

Data infrastructure

- Many payer information systems remain underdeveloped in their ability to track clinical outcomes

Neumann P, et al, Health Affairs, 30, no.12 (2011)

Garrison L, Towse A, Neumann P. ISPOR issue panel, 2014

Latin America: Value-based Healthcare Trends

- Overall, the alignment of value-based healthcare, vary greatly across Latin America. There is a general need for improvement of healthcare services, including access to care.
- Value-based healthcare models is still in its early stages of development, with several countries starting to consider patients' preferences and needs when deciding treatment but few official efforts to develop disease registries or value-based payment mechanisms.
- Countries in Latin America face challenges in relation to improving accessibility to treatment and the quality of services, and fragmentation of health systems.

Source: The Economist Intelligence Unit.
The Economist Intelligence Unit Limited 2017

Source: Gilardino et al. Value in Health Regional
Issues 17 (2018) pp. 115-118

Current Status in Selected Countries

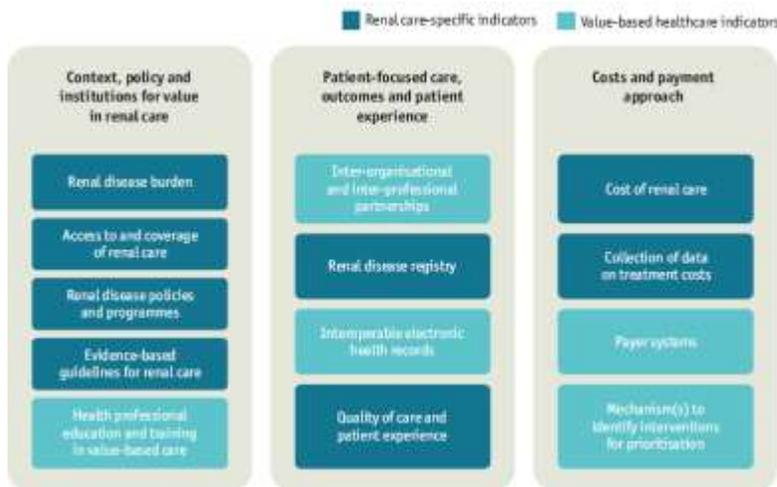
Brazil: According to the current Brazilian regulation, risk-sharing negotiations are not defined but discussions regarding these programs have started and the scenario may potentially change in the next few years.

Mexico: Initiative undertaken since the establishment of the Coordinating Commission for Negotiating the Price of Medicines (CCPNM), focuses on supporting the development of new drugs through the introduction of risk-sharing models—with risk borne by the industry and the public sector—for pharmaceuticals with development potential. In an effort to foster further successful development of a particular drug, the negotiating team does not insist on the same degree of price cuts at the negotiations, an approach that particularly applies to treatments for cancer or cardiovascular disease.

Colombia's health technology assessment agency, the Instituto de Evaluación Tecnológica en Salud, plays an important role in supporting a culture of technology evaluation, in which doctors make decisions based on objective information about outcomes and effectiveness. The agency, whose role has now expanded into the pharmaceutical sector, is planning to introduce value-based pricing for new drugs.

<http://vbhcgloballasessment.eiu.com/>

Latin America: Value-based healthcare in kidney disease



Source: The Economist Intelligence Unit. The Economist Intelligence Unit Limited 2017

Brazil: Value-based Healthcare of Spinal Disorder

Perspective of Value-Based Management of Spinal Disorders in Brazil

Alisson R. Teles¹, Orlando Righesso², Maria Carolina R. Gullo³, Zohar Ghogawala^{4,5}, Asdrubal Falavigna⁶

◦ **INTRODUCTION:** The state of value-based management of spinal disorders and ongoing Brazilian strategies toward its implementation are highlighted in this article.

◦ **METHODS:** The health care system, economic impact of spine surgery, use of patient-reported outcomes, ongoing studies about health economics, and current strategies toward implementation of quality assessment of spine care in Brazil are reviewed.

◦ **RESULTS:** During the past 20 years, there has been an increase of 220% in the number and 540% in the total cost of spine surgeries in the public health system. Examples of economic regulatory mechanisms involve the process of health technology assessment and the auditing processes imposed by health insurance companies. Some barriers to implementing clinical registries were identified from a large Latin American survey. Strategies based on education and technical support have been conducted to improve the quality

developing new technologies for diagnosis and treatment, research in health economics of spine care in Brazil should be prioritized; (3) these efforts would help to provide a more accessible and effective health system for patients with spinal problems.

INTRODUCTION

Spinal disorders are a highly prevalent cause of disability and compromise of health-related quality of life (HRQOL) in the Brazilian population. Data from the National Health Research (Pesquisa Nacional de Saúde 2013) estimate that in Brazil 27 million people older than 18 years have a chronic spinal disorder.¹ In Casim do Sul, Falavigna et al.² demonstrated that 77% of middle-aged adults reported at least 1 episode of low back pain in their lives. Another population study conducted in the city of Pelotas reported a 120% increase in the prevalence of chronic low

Alisson Roberto Teles, et al. (2015) "Value-based spine care in Brazil," World Neurosurgery 87: 351

Summary

- There is a significant growing interest among both payers and manufacturers of medical products for agreements that involve a “pay-for-performance” or “risk-sharing” element
- There is a range of different types of PBRsAs among different countries to solve different types of problems, mainly cost pressure
- The pace of PBRsAs adoption appears to be slowing but still has traction in many health systems.
- RWE and HEOR are important components in VBP