

# New drug assessment program to offer value-based price benchmark

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With drug prices for cancer and many other conditions soaring to new highs amid questions about their true value to patients, the Institute for Clinical and Economic Review (ICER) today launched a program to transform the way new drugs are evaluated and priced in the United States. Funded by a \$5.2 million grant from the Laura and John Arnold Foundation (LJAF), ICER will produce public reports on new drugs that have the potential to significantly change patient care and health system budgets. The reports will be produced near the time of FDA approval, with 15 to 20 reports planned in the first two years. Each report will include a full analysis of a drug's comparative effectiveness, cost-effectiveness, and potential budget impact. In addition, ICER will use transparent methods to calculate for each new drug a value-based price benchmark anchored to the real benefits the drug brings to patients.

"ICER's new program will make a huge difference by providing what is sorely needed: an independent, trusted source of information about new drugs," stated Steve Miller, MD, Chief Medical Officer of Express Scripts, the nation's largest pharmacy benefits manager. "I believe many payers and policy makers will find this information of critical importance as they evaluate the new drugs, and we look forward to using it to help us improve the ability of patients to get access to new, innovative drugs at a price the system can afford."

LJAF works to improve value in the U.S. health care system by investing in organizations such as ICER that are focused on reducing costs and improving the quality of care. ICER, an independent non-profit research

institute known for its scientific evaluation of the evidence supporting new health care treatments such as the blockbuster drugs for Hepatitis C, is leveraging LJAF's support to launch this new drug assessment program.

"We need prices that make sense," said ICER President Steven Pearson, MD. "Right now, it's often a black box: we don't know if we are getting good value with new drugs at these higher prices. With the Laura and John Arnold Foundation's support, ICER hopes to create a path toward a future in which prices better mirror how much better a new drug actually is in improving patients' lives. This will help reward innovation that makes a difference for patients while making the overall costs of drugs in the [health care system](#) a better value."

ICER is launching its new initiative amid intensifying public concerns about the rising costs of drugs, particularly "specialty pharmaceuticals" for conditions such as cancer, arthritis, and multiple sclerosis. In 2014, more than a half-million patients had medication costs in excess of \$50,000, an increase of 63 percent over the previous year, according to a recent Express Scripts report. Cancer drugs now routinely carry annual price tags upwards of \$100,000. And often these prices have little to do with how much better a drug performs compared to what is already on the market. For example, a new drug was introduced for treating advanced colon cancer. It did no better in clinical trials than the currently available treatment, but was introduced at twice the price.

"The United States spends more on health care than any other nation. Yet it does not produce the best results," LJAF Vice President of Venture Development Kelli Rhee explained. "Rising health costs are driven in part by skyrocketing [drug prices](#), which represent the fastest growing segment within the health system. By expanding the use of evidence and evaluation, ICER will help develop a fairer, more effective system that will allow hospitals and medical centers to improve patient

health while lowering costs."

Under this new program, ICER reports will support all health care stakeholders and policy makers in discussions about the value of [new drugs](#), while also providing a transparent, objective basis for price negotiations and coverage decisions. Each report will include a full analysis of how the drugs work (comparative effectiveness), and the value the treatments represent to patients and the [health care](#) system (cost-effectiveness and the potential budget impact). The reports will support the goal of getting excellent drugs to market quickly at a price that is affordable to patients and the health system, without hindering the development of new and effective drugs.

The program is aimed at addressing the need in the United States for an approach to the evaluation and pricing of drugs that rewards innovation while ensuring that the cures of the present and future will be affordable. Many of the reports produced will be discussed at the public meetings of ICER's two core programs, the New England Comparative Effectiveness Public Advisory Council (CEPAC) and the California Technology Assessment Forum (CTAF). CEPAC and CTAF are independent, regional bodies of practicing physicians, methodological experts, and leaders in patient advocacy and engagement that provide objective, independent guidance on the application of medical evidence to clinical practice and payer policy decisions in New England and California.

ICER will issue the first reports under its new program in September 2015. The first will evaluate PCSK9 inhibitors for cholesterol, and the second will assess Entresto™ (Novartis AG), a new drug to treat heart failure. Some experts have estimated that the PCSK9 inhibitors alone could cost the health system more than \$100 billion per year if all eligible patients are treated.

[Learn more the program](#)

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