Outcomes-based pricing suggested for new, costly drugs

December 14 2016

(HealthDay)—Outcomes-based pricing for novel and expensive

biopharmaceuticals is supported in an Ideas and Opinions piece published online Dec. 13 in the *Annals of Internal Medicine*.

Daniel M. Blumenthal, M.D., from Massachusetts General Hospital in Boston, and colleagues discuss the importance of new pricing models for insurers and manufacturers of biopharmaceuticals. They used the example of proprotein convertase subtilisin/kexin type 9 (PCSK9) inhibitors.

The authors note that PCSK9 inhibitors pose two hurdles to insurers and patients: their cost (estimated at $10,000 to $15,000 annually) and their ultimate efficacy. Insurers have implemented traditional utilization management tools such as step therapy and prior authorization in order to limit their use, meaning that uptake of PCSK9 inhibitors has been slow. In order to provide treatment access at a reasonable cost, outcomes-based pricing can be used. This method relies on real-world clinical outcomes to determine efficacy of drugs and their price. Discounts could be offered by manufacturers with additional payment triggered by prospectively observed clinical end points; insurers could add preferential formulary placement and discontinue utilization management. Outcomes-based pricing obliges manufacturers and insurers to share the risks and rewards associated with treatment failure and success.

"Outcomes-based pricing, a drug-pricing approach grounded in real-world outcomes, would compel manufacturers and insurers to share accountability for clinical outcomes and ensure that we pay for health, not health care," the authors write.

The authors disclosed ties to Precision Health Economics, which provides consulting services to the life sciences industry.

More information: Full Text (subscription or payment may be

required)