Health Plan Interest in Outcomes-Based Contracts Increasing

Summary

Outcomes-based contracts most common in cardiovascular disease, infectious disease, and oncology.

A new survey from Avalere finds that outcomes-based contracts remain of great interest to health plans and that internal conversations about them are increasing. These newly released findings update those from a survey conducted by Avalere in 2017.

Outcomes-based contracts (OBCs) are agreements between health plans and drug and device manufacturers that tie product reimbursement to clinical, quality, utilization, or financial outcomes. Value-based contracts, such as OBCs, have been looked to as a solution to rising healthcare costs.

The survey shows familiarity with OBCs among health plans continues to be high. More plans are also reporting they are having conversations within their organizations about OBCs (Figure 1). Among survey respondents, 25% of plans have an OBC in place; 85% of them are considering additional contracts. An additional one-third of plans are considering an OBC.

“Outcomes-based contracts are becoming more of a mainstream topic within health plans,” said Matt Brow, president of Avalere. “While most remain in an exploratory stage, plans that have accrued some experience with outcomes-based contracts are interested in pursuing more.”
Avalere’s survey also found that existing OBCs are in a broad range of therapeutic areas (Figure 2). Today, most OBCs in place by the survey respondents address three common therapeutic areas: cardiovascular disease, infectious diseases, and oncology. In cardiovascular disease and infectious disease (namely Hepatitis C), outcomes have generally been clearly defined, which lend themselves to OBCs. In oncology, metrics for an OBC have not been as well established.

“Our survey results indicate payers are examining outcomes-based contracts in oncology, for which measures for success have been elusive,” said Dana Macher, senior vice president at Avalere. “Recent drug launches and a strong oncology pipeline may be compelling plans to explore outcomes-based contracts as a way to help balance access and cost.”
“Health plans continue to examine how outcomes-based contracts can be deployed to help patients get needed medicines while containing costs,” said Kathy Hughes, vice president at Avalere. “Health plans will look to build experience on what works and what doesn’t, including how to overcome perceived operational challenges.”

**Methodology**

Avalere conducted a 20-minute survey of health plans and PBMs in the United States. The survey was conducted between June 5–18, 2018, using an online platform for collecting survey responses. Respondents were recruited from a panel of health plan and PBM representatives and then screened to determine eligibility to participate, requiring that they be a medical director, pharmacy director, or have a similar role. They were also required to be a decision maker or influencer in their health plan. A total of 50 qualified representatives participated in the survey from 49 different organizations, including health plans, IDNs and PBMs. Participating organizations ranged in size and included a majority of the nation’s largest health plans. PBM responses were excluded from this analysis in order to isolate and understand health plan-
specific experiences. Health plans included in the study represent at least 183 million of the covered lives in the United States. All survey participants were shown the same definition of OBCs for purposes of completing the survey: “A plan by which the performance of the product is tracked in a defined patient population over a specified period of time and the level of reimbursement is based on the health and cost outcomes achieved.”