NPC Resource Guide for Healthcare Purchaser Coalitions and Employers

The National Pharmaceutical Council (NPC) is very pleased to provide this Resource Guide to healthcare purchaser coalitions and employers. The guide provides information and research in key areas such as benefit design, value assessment, and health spending. An electronic copy of this guide can be accessed at: www.npcnow.org/employers.

Who is NPC?

The National Pharmaceutical Council (NPC) is a health policy research organization dedicated to the advancement of good evidence and science, and to fostering an environment in the U.S. that supports medical innovation. NPC is supported by the major U.S. research-based biopharmaceutical companies. We focus on **research development, information dissemination, education and communication** on the critical issues of evidence, innovation and the value of medicines for patients. Our research helps inform health care policy debates and supports the achievement of the best patient outcomes in the most efficient way possible.

What do we do?

Our mission is to explore, demonstrate and communicate—through research, partnerships and education—the role and value of innovative biopharmaceuticals to achieve better patient health.

How can we be a resource to you and your members?

We've developed a resource list segmented by three key issue areas:

- Benefit Design
- Value Assessment
- Health Spending

We're happy to share our research's key takeaways as well as answer any questions you may have. Please don't hesitate to contact:

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Benefit Design

Considering Benefit Design Tradeoffs

Assessing Consumer Tradeoffs: Case Study of an Employee-Designed Health Plan
This analysis summarizes an effort to redesign a benefit option offered by a self-insured employer. In a series of facilitated workshops, employees used a gameboard to first individually design their ideal health care benefit, and then come together as a group to develop a health plan that would best serve the entire organization. The decisions that were made and the dialogue around them elucidated the inherent trade-offs and willingness to pay for various health care services. As policymakers consider new policies for changing the trajectory of current health care spending, it will be increasingly important to engage in a fair dialogue about health care spending tradeoffs. This case study provides a framework for other health care purchasers to engage consumers in constructive dialogue on health care spending.

- McNichol J, Nichols LM, Aiyar S, Buelt L, Ciarametaro M, Dubois RW. Prioritizing Health Care Spending: Engaging Employees in Health Care Benefit Design. (2018). Available at: https://www.npcnow.org/system/files/research/download/prioritizing-health-care-spending-engaging-employees-npc-study-final.pdf
- McNichol J, Nichols L, Buelt L, Ciarametaro M, Dubois RW. Activating Employees in Discussion of Health Care Trade-Offs: It Can Be Done. Available at: https://www.healthaffairs.org/do/10.1377/hblog20190102.356142/full/

Ethical Framework for Discussing Health Care Spending
How much to spend on health care and how to allocate those dollars among the various health care services are challenging questions to answer and will impact society and patients in clear and not-so-clear ways. A productive dialogue requires an understanding of the considerations and tradeoffs. This project provides an ethical and economic framework to aid in the ensuing dialogue.

- *In progress*

Value-Based Benefit Design

Supporting Consumer Access to Specialty Medications Through Value-Based Insurance Design
This white paper highlighted the importance of recognizing the value of specialty pharmaceuticals using value-based insurance design. The white paper included information on specific techniques and considerations decision-makers should consider to ensure V-BID works effectively for specialty medications.

- Fendrick MA, Buxbaum J, Westrich K. (2014). Supporting Consumer Access to Specialty Medications Through Value-Based Insurance Design. Available at: https://www.npcnow.org/publication/supporting-consumer-access-specialty-medications-through-value-based-insurance-design

Variable Co-pays in Pharmacy Benefit Tiers: Ethics and Efficiency

This research identified the ethical, legal, actuarial implications associated with cost-sharing based on formulary tier rather than medical appropriate for patients. A multi-stakeholder panel identified guiding principles for when it would be more (or less) acceptable to require patients with the same or similar condition to have variable out of pocket expenses.

- Graff JS, Shih C, Barker T, Dieguez G, Larson C, Sherman H, Dubois RW. Does a One-Size-Fits-All Cost-Sharing Approach Incentivize Appropriate Medication Use? A Roundtable on the Fairness and Ethics Associated with Variable Cost Sharing. J Manag Care Spec Pharm. 2017 Jun;23(6):621-627. Available at: https://www.jmcp.org/doi/pdf/10.18553/jmcp.2017.16009
- NPC Infographic. Does a One Size Fits All Cost-Sharing Approach Incentivize Appropriate Medication Use? Available at: https://www.npcnow.org/publication/does-one-size-fits-all-cost-sharing-approach-incentivize-appropriate-medication-use-0
- NPC Webinar: Same Condition, Different Costs: Should Patients Pay Different Amounts? Available at: https://www.npcnow.org/event/webinar-same-condition-different-costs-should-patients-pay-different-amounts

A "Dynamic" Approach to Consumer Cost-Sharing for Prescription Drugs

This issue brief introduced and defined the concept of "rewarding the good soldier", which refers to the scenario or circumstance when a patient does not respond as desired to the initial step-therapy, and should, therefore, have reduced consumer cost-sharing. This brief includes clinical examples, discusses the benefits from a more clinically nuanced approach and proposes next steps to move from cost-focused to value-based initiatives in formulary development.

- University of Michigan Center for Value-Based Insurance Design. (2016). A 'Dynamic' Approach to Consumer Cost-Sharing for Prescription Drugs. Available at: http://vbidcenter.org/a-dynamic-approach-to-consumer-cost-sharing-for-prescription-drugs/

High-Deductible Health Plans

Expanding Pre-Deductible Drug Coverage in HSAs

Current IRS regulations provide for a "safe harbor" allowing coverage of certain preventive services outside of the plan deductible. Prior to 2019, these regulations did not apply to treatments for chronic conditions. This study examined how providing pre-deductible coverage for 57 drug classes covering 11 chronic conditions would impact out-of-pocket costs, plan expenditures and premiums. Although it would increase utilization and shift some costs to health care plans, we found that the overall impact would be modest, requiring a premium increase of less than 2%.

- VBID Health. Financial Impact of HSA-HDHP Reform to Improve Access to Chronic Disease Management Medications. (2018). Available at: http://vbidhealth.com/docs/HSA-HDHP-Reform-Brief.pdf

Consumer-Directed Health Plans: Pharmacy Benefits & "Better Practices"
Through the formation of an expert advisory team, literature review, employer survey, and targeted interviews, this research analyzed employers' views of the current state of consumer directed health plans, how pharmacy benefits are structured and identified best practices.

The National Pharmaceutical Council. (2014). Consumer-Directed Health Plans: Pharmacy Benefits and "Better Practices". Available at: https://www.npcnow.org/publication/consumer-directed-health-plans-pharmacy-benefits-better-practices

Tools for Evaluating Your PBM and Consultants

Toward Better Value: Employer Perspectives on What's Wrong With the Management of Prescription Drug Benefits and How to Fix It
In recent years, PBMs' aggressive contracting practices have come under increasing scrutiny by businesses and the public at large. This survey of jumbo and self-insured employers provides in-depth information regarding employer perceptions of the current PBM business model, their trust level for PBMs, and their preferences for how their pharmacy benefits are managed.

The National Pharmaceutical Council. Toward Better Value. (2017). Available at: https://www.npcnow.org/publication/toward-better-value

PBM Relationship Segmentation Tool. Available at: https://www.npcnow.org/sites/default/files/inline-files/plotting-pbm-relationship-segmentation-tool-final.pdf

Improving Your Prescription Drug Benefit Consulting Support Tool. Available at: https://www.npcnow.org/sites/default/files/inline-files/plotting-pbm-consultant-segmentation-tool-final.pdf

Webinar: *Employer Perspectives on Prescription Drug Management: New Research on What's Working, What Needs Fixing:* This webinar from the National Alliance of Healthcare Purchaser Coalitions and NPC highlights the findings of NPC's 2017 nationwide employer survey that focused on how employers are currently working with their PBMs, how they would like to see the relationships develop in the future, and key areas of next-generation PBM business models. The reactor panel includes:

- Lauren Vela, Senior Director, Member Value, Pacific Business Group on Health
- Cheryl Larson, President and CEO, Midwest Business Group on Health
- Linda Davis, Consultant, Minnesota Health Action Group

Available at: https://register.gotowebinar.com/recording/2653894900921028108

Webinar: *Toward Better Value: Employer Perspectives on Managing Prescription Drug Benefits:* Learn what employers can do to get better value for money spent on prescription drug benefits. First, Chuck Reynolds of Reynolds Insights (formerly with Benfield-Gallagher) reviews key findings from research on employer experience and perspectives regarding pharmacy benefits management. Then, Kristen Putnam of Praxair describes her company's journey from a traditional PBM vendor relationship to collaboration with their fully transparent and pass-through PBM partner. Available at: https://www.ibiweb.org/toward-better-value-employer-perspectives-on-managing-prescription-drug-benefits/

Value Assessment

Addressing Low-Value Care

Reducing Low-Value Care

A literature review of resource optimization work done was conducted to identify existing approaches to addressing low value care. An expert panel was convened to discuss strategies used in each segment of the health system to validate existing work, recommend approaches to filling gaps, and identify the ease to which utilization with low-value care items can be reduced.

- Beaudin-Seiler B, Ciarametaro M, Dubois RW, Lee J, Fendrick M. Reducing Low-Value Care. (2016). Available at: https://www.healthaffairs.org/do/10.1377/hblog20160920.056666/full/
- NPC Infographic. How Can Administrators and Clinicians Reduce Low-Value Care? Available at: https://www.npcnow.org/publication/how-can-administrators-and-clinicians-reduce-low-value-care

Why Have Efforts to Reduce Low-Value Care Been Generally Unsuccessful?

For over 30 years, it has been known that approximately a third of health care spending is wasted on low-value care. Why haven't prior efforts to curb spending on low-value care succeeded? This project will examine the historical and contemporary efforts to reduce low-value care and explore whether future efforts may be more successful, or whether the structure and incentives of the U.S. health care system make that very unlikely.

- *In progress*

Value Assessment Frameworks (e.g., ICER)

Guiding Practices for Patient-Centered Value Assessments

Twenty-eight guiding practices were identified to address six key aspects of value assessments: the assessment process, methodology, benefits, costs, evidence, and dissemination and utilization. Seven guiding practices for budget impact assessment are outlined separately as budget impact is not a measure of value.

- The National Pharmaceutical Council. (2016). Guiding Practices for Patient-Centered Value Assessment. Available at: https://www.npcnow.org/guidingpractices
- NPC Infographic. How Should Value in Health Care be Assessed? https://www.npcnow.org/issue/how-should-value-health-care-be-assessed

Current Landscape: Value Assessment Frameworks

An assessment of the key characteristics of seven value assessment frameworks in the US: ASCO, ACC/AHA, ICER, IVI, NCCN, PPVF and DrugAbacus. This analysis examined the frameworks through the lens of six broad categories: the framework development process, measures of benefit, measures of cost, methodology, evidence, and the framework assessment process.

The National Pharmaceutical Council. (2019). Current Landscape: Value Assessment Frameworks. Available at: https://www.npcnow.org/publication/current-landscape-value-assessment-frameworks-0

Audit of Value Assessment Frameworks Using NPC's Guiding Practices

This study examined the evolution of the value assessment landscape in the last two years, focusing on three frameworks that are actively conducting assessments: the Institute for Clinical and Economic Review (ICER), the Innovation and Value Initiative (IVI) and the National Comprehensive Cancer Network (NCCN).

Dubois RW, Westrich K. As Value Assessments Evolve, Are They Ready for Prime Time? Value Health. 2019 Sep;22(9):977-980. Available at: https://www.valueinhealthjournal.com/article/S1098-3015(19)32234-X/pdf

Including Productivity in Value Assessments

Synergies at Work: Realizing the Full Value of Health Investment

The benefits of employee health include the value of reduced absence and improved workplace productivity, and employers that recognize the full range of benefits can maximize the value of their investment in making employees healthier.

Integrated Benefits Institute and Center for Value-Based Insurance Design (2011). Synergies at Work Realizing the Full Value of Health Investments. Available at: https://www.npcnow.org/system/files/research/download/synergies_at_work_finalpaper.pdf

Imputing Productivity Gains From Clinical Trials

The costs to employers of chronic health conditions on employee productivity are well documented, but few studies have captured the impact that medicines may have on reducing those costs. This study conducted by Tufts Medical Center and the National Pharmaceutical Council demonstrates a novel approach to measure productivity, using depression and arthritis as case studies.

Cangelosi M, Bliss S, Chang H, Dubois R, Lerner D, Neumann P, Westrich K, Cohen J. Imputing Productivity Gains From Clinical Trials. JOEM. 2012 Jul;54(7):826-833. Available at: https://journals.lww.com/joem/Abstract/2012/07000/Imputing_Productivity_Gains_From_Clinical_Trials.11.aspx

Barriers and Solutions to the Inclusion of Indirect Benefits in Biopharmaceutical Value Reviews
There is a lack of agreement on the inclusion of indirect benefits (e.g., productivity improvements and reduced caregiver burden) in value assessment. To understand why, in-depth interviews will survey payer, employer, and patient advocacy group views on the barriers to the inclusion of indirect benefits and their receptivity to solutions (e.g., more convincing productivity data, inclusion in standards for cost-effectiveness analysis, etc.).

In progress

Alternative Payment Models

Financing for Curative Therapies
This study explores tensions in our health care system via online market research with payers and highlights a few proposals to address these concerns. This research found that when it comes financing innovative and life-changing therapies, the implications and risk factors faced by payers vary according to their size.

Ciarametaro M, Long G, Johnson M, Kirson N, Dubois RW. Are Payers Ready To Address The Financial Challenges Associated With Gene Therapy? Available at: https://www.healthaffairs.org/do/10.1377/hblog20180626.330036/full/

Key Considerations in the Design of Payment Bundles
This paper identifies key factors that should be considered in the design of payment bundles and provides case examples that illustrate how each factor should be implemented.

Ciarametaro M, Dubois RW. Designing Successful Bundled Payment Initiatives. (2016). Available at: https://www.healthaffairs.org/do/10.1377/hblog20160420.054542/full/

Value-Based Contracting: Barriers and Success Factors

Value-based Agreements May Be More Prevalent Than Previously Known
This project surveyed payers and biopharmaceutical manufacturers to gain a better understanding of the prevalence of US value-based arrangements, their characteristics, and the factors that facilitate their success or act as barriers to their implementation. This study found that approximately 3 in 4 value-based agreements are not publicly known and that previous estimates of VBAs, using only publicly available data, likely underestimate payer and manufacturer commitment to value-based contracting. This analysis also identified several barriers to implementing VBAs as well as factors that contribute to successful contract negotiation and implementation.

Mahendraratnam N, Sorenson C, Richardson E, Daniel GW, Buelt L, Westrich K, Qian J, Campbell H, McClellan M, Dubois RW. Value-based arrangements may be more prevalent than assumed. Am J Manag Care. 2019 Feb;25(2):70-76. Available at: https://ajmc.s3.amazonaws.com/_media/_pdf/AJMC_02_2019_Mahendraratnam%20final.pdf

Health Spending

Drug Spending in Context

Historical Impact of Biopharmaceuticals on Outcomes

This study surveyed physicians on which medical technology innovations have had the most impact on health outcomes, particularly in the treatment of eight chronic conditions including HIV, chronic obstructive pulmonary disease (COPD) and depression. Overall, this research found that most improvements in health outcomes were driven by pharmaceutical and biopharmaceutical products.

Wamble DE, Ciarametaro M, Dubois R. The Effect of Medical Technology Innovations on Patient Outcomes, 1990-2015: Results of a Physician Survey. J Manag Care Spec Pharm. 2019 Jan;25(1):66-71. Available at: https://www.jmcp.org/doi/10.18553/jmcp.2018.18083

Do Improvements in Patient Outcomes Explain Rising Costs of Pharmaceutical Treatments?

This project builds on NPC's "Historical Impact of Biopharmaceuticals on Outcomes" and examined whether increased medical intervention spending on prevalent chronic conditions has been a good investment. This study found that health care spending for six out of seven conditions over a 20-year time horizon was both cost-effective and a source of high value creation.

Wamble D, Ciarametaro M, Houghton K, Ajmera M, Dubois RW. What's Been The Bang For The Buck? Cost-Effectiveness Of Health Care Spending Across Selected Conditions In The US. Health Aff (Millwood). 2019 Jan;38(1):68-75. Available at: https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2018.05158

NPC Infographic. Are We Spending TOO MUCH on Health Care? Available in NPC's Infographic Library at: https://www.npcnow.org/newsroom/infographics

Efficiency in Health Spending

Health Care Resource Allocation Efficiency

Sustained innovation requires that U.S. health dollars be spent efficiently. However, many policies that aim to curb health care spending use an indiscriminate approach and focus at either the sector or aggregate spending level. This research will develop an approach to evaluate the efficiency of health care spending at the disease level that incorporates both quality and costs. Ultimately, the two goals of this project are to 1) provide information that helps identify potential opportunities for future health care investment and 2) identify diseases that are potentially associated with lower value care.

In progress

Going Below the Surface

Going Below the Surface is a research-first endeavor dedicated to unearthing and examining the drivers of health care spending in the United States and convening a multiple-stakeholder discussion to better understand what we receive for these investments.

Ongoing: https://www.goingbelowthesurface.org/

Webinar: *It costs how much? Understanding Healthcare Spending and Getting to the Root of the Problem:* This webinar, sponsored by the National Alliance of Healthcare Purchaser Coalitions, delves into an initiative aimed at getting to the root of two vexing health care spending challenges – what could we do in the United States to better allocate our resources, and how can we ensure those resources are not wasted on low-value care? To get to the root of what's driving healthcare spending, this initiative is bringing together multiple stakeholders across the country - employers, health plans, clinicians, providers, health systems, patients and others to engage in discussions that ask some tough, "third rail"-types of questions. Available at: https://connect.nationalalliancehealth.org/viewdocument/it-costs-how-much-understanding-he

Information Resources

The latest research and policy information is available in NPC's informative e-news services. Sign up at http://www.npcnow.org/newsletter-signup.

- **The CER Daily Newsfeed®** provides you with the latest news and information on comparative effectiveness research. The Newsfeed is sent to your inbox each weekday afternoon, and each issue is archived and fully searchable on our website.

- **E.V.I.dently®** is NPC's monthly e-newsletter focused on value assessment, health and productivity issues, quality measures and related research of importance to the pharmaceutical industry. Look for E.V.I.dently in your inbox at the end of each month.

- **The *Going Below The Surface*** (***GBTS***) website houses the latest news, research and events related to the *GBTS* initiative. *GBTS* was launched by the National Pharmaceutical Council in 2018 to broaden and improve the conversation around how we use health care resources in the United States. The initiative is aimed at better understanding the roots of the nation's health investments by promoting a discussion that is firmly based in health policy and systems research.