



Value-based pharmacy management

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Value-based management approaches are helping payors meet outcome and cost goals

Key indicators identify potential for value-based initiative

- Competitive category
- Multiple indications
- Variable efficacy
- High-cost drug/condition
- Measurable outcomes



Indication-based design

Pricing and/or rebates align with drug's effectiveness for the specific indication

Efficacy validated by independent Pharmacy & Therapeutics Committee



Outcomes-based design

Aligns costs with drug's effectiveness at achieving a specified clinical marker, such as cholesterol or A1C levels



Cost cap-based design

PMPM cost threshold defined; manufacturer provides additional value if threshold is exceeded.

PCSK9 inhibitors and breast cancer cost cap designs effective today

Outcomes-based design: Measuring drug effectiveness to cost of drug

Rheumatoid arthritis

Focus on pharmacy
claim indicators
that drugs are not
providing overall
intended value:

- Early discontinuation for any reason
- High dose or increase in dose frequency

Non-small cell lung cancer

Two key areas
must be present to
trigger outcome-
based contract:

- Patient has progressed (stopped primary medication)
- AND**
- Patient has confirmed genetic test

