

What Happens to Patient Access and the Role of HTA in an Increasingly Affordability-Focused Market?

Tuesday, October 18, 2016

MaRS Discovery District, Toronto

This session was generously sponsored by Janssen Canada Inc.



Meet the Panel

Moderator:

- ▶ Don Husereau (IHE)

Speakers:

- ▶ Chris Henshell (Consultant)
- ▶ Kevin Wilson (Saskatchewan Health)
- ▶ Kelvin Chan (Sunnybrook Health Sciences Centre)
- ▶ Mark Fleming (Janssen Canada Inc.)

Session Overview

Health Technology Assessment (HTA) helps determine the value of new medicines for patients and the overall healthcare system. HTA in Canada is typically based on evaluation of comparative clinical benefit and cost effectiveness and is used to inform decision-making by payers. In an environment of increasing cost pressures, payers are faced with the challenge of providing access to new medicines while balancing budget constraints. This panel will explore key questions such as:

- Will payers seek to broaden the scope of HTA to include affordability as a consideration?
- How will the determination of value be impacted under the lens of affordability?
- When the focus is on affordability, what are the implications to patients, healthcare and medical innovation?

What happens to patient access and the role of HTA in an increasingly affordability-focused market?

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CAPT : October 17th – 18th, 2016 MaRS Discovery District

Value and affordability: separate concepts?

The NEW ENGLAND JOURNAL of MEDICINE

EDITORIALS



Seller: It's a great value, and time is ticking!

Buyer: Seems like a great value, but can't afford to!



Key questions

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- How will the determination of value be impacted under the lens of affordability?
- When the focus is on affordability, what are the implications to patients, healthcare and medical innovation?



Panelists



- **Dr. Chris Henshall**, Consultant on Health, Research, and Innovation Policy
- **Kevin Wilson**, Executive Director, Drug Plan and Extended Benefits Branch, Saskatchewan Ministry of Health
- **Kelvin Chan**, Medical Oncologist, Sunnybrook Odette Cancer Centre
- **Mark Fleming**, Director of Federal Affairs & Health Policy at Janssen Inc.



Overview of key issues (20 min)



- **Dr. Chris Henshall,**
Consultant on Health,
Research, and Innovation
Policy



Payer perspective

- **Kevin Wilson**, Executive Director, Drug Plan and Extended Benefits Branch, Saskatchewan Ministry of Health



Physician perspective



- **Kelvin Chan**, Medical Oncologist, Sunnybrook Odette Cancer Centre



Innovator perspective

- **Mark Fleming**, Director of Federal Affairs & Health Policy at Janssen Inc.



Moderated discussion





The Canadian Association for Population Therapeutics/
Association Canadienne pour la Thérapeutiques des Populations
Presents:

“20 Years of CAPT: How Far We Have Come”

10:45 – 12:00

Session 6: What Happens to Patient Access and the Role of HTA in an Increasingly Affordability-Focused Market? (Sponsor: Janssen Canada Inc.)

Moderator: Don Husereau (Institute of Health Economics)

Speakers: Chris Henshell (consultant)
Colin Busby (C.D. Howe Institute)
Kelvin Chan (Sunnybrook Health Sciences Centre)
Kevin Wilson (Saskatchewan Health)

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[Link](#) to COI:

Affordability and HTA

Chris Henshall

Honorary Professor
Brunel University London

Overview

- Value, value for money and affordability
- Responses to affordability challenges in health care
- HTA and value
- Possible roles for HTA in affordability
- Pros and cons of including affordability in HTA
- Questions for Canadians

Value

- The “Value” of something depends on the benefits that it offers
- Assessments of value therefore depend on how much we want these benefits, and will therefore differ between individuals and groups of individuals (or stakeholders)
- In the case of a car, we may value performance, comfort, environmental impact and other factors differently; different people will therefore value the same car differently

Value for money

- The ratio between the value of something and what it costs
- A car may cost more but be better value for money than a cheaper model because it provides substantially more of things we value for a relatively modest extra price
- Views on value for money will vary according to what we value, and our willingness to pay for what we value
- For an economist, value is defined by what we are prepared to forgo to have something, so value always means value for money. But non-economists do not always use the word “value” this way.
- Debates on value in health involve both economists and non-economists – so its important to be clear at all times what we are talking about!

Affordability (1)

- Our ability to pay
- We may value an expensive car, and we may consider that it offers value for money, but the price may be too high for – we may simply not have the money, or we may wish to keep money to spend on things other than cars that we need and value more.
- We may therefore decide the more expensive car is unaffordable, and buy the cheaper model, even though we might consider the more expensive car represents value for money.

Affordability (2)

- But is affordability that simple?
- Our car might be unaffordable within our “car budget”, but could we afford it by using some of the funds set aside for other purposes (eg our “housing budget”)? Have we allocated funds to our car budget and our housing budget in proportion to the value for money we will gain from expenditure in each category?
- Or our car might be unaffordable as a capital purchase, but maybe we could afford it on credit over the time we expect the car to last.
- So, should we distinguish between things that are:
 - “Unaffordable as a one-off cost within a specific budget”
 - “Unaffordable within a specific budget even spread over time”
 - “Unaffordable as a one off cost across all budgets”
 - “Unaffordable across all budgets even spread over time”?

Affordability in healthcare

- So when we say a drug or device is “**unaffordable**”, do we mean
 - It cannot be afforded **within the specific** budget from which it would be funded – in which case are we sure all the other things funded within that budget offer better value for money?
 - It cannot be afforded **within the totality of funding for health care** - in which case are we sure that all other activities funded by the healthcare system offer better value for money?
 - It cannot be afforded **within the totality of all the resources available to the public/society**– in which case are we sure that all the other things we are spending our money on offer better value for money?
- And have we explored ways of spreading the cost over some or all of the time that benefits will accrue?

Responses to affordability challenges (1)

- “Conventional” responses
 - Reductions in budget impact by price/volume and/or discount negotiations
 - Managed entry arrangements, eg:
 - Outcomes-based payments (to improve value for money and or reduce budget impact)
 - Narrowing indications (to improve value for money and reduce budget impact)
 - Phasing introduction by ability to benefit (to phase budget impact and improve initial value for money)

Responses to affordability challenges (2)

- More “radical” responses
 - Re-organising budgets
 - Within healthcare
 - Across public spending
 - Novel financing tools
 - Phased payments
 - Bonds
 - Challenging the basis for pricing
 - Here the question becomes not ***can we afford it*** but, given the impact on health/public services, ***is it in the public interest to pay this price?***
 - Which raises the issue of what is a ***fair price?***
 - A price that balances public and private returns?
 - Not clear how we should calculate that (cost per QALY is probably not a good indicator).
 - Recent examples have led to some prices being condemned as exploitative – but much of this seems to be based on “gut reactions”
 - Outright rejection, despite “good value” (politically challenging!)

HTA and value

- HTA systems in developed economies typically focus on value and value for money
- Benefits are generally assessed by calculating incremental Quality Adjusted Life Year gains (QALYs - typically in national health systems with fixed budgets), or Clinical Added Benefit (CAB – typically in insurance-based schemes), compared with current best treatment
- Price is then factored in, either by calculating incremental cost per QALY, or using categories of CAB (eg none, minor, major) to inform price differentiation from current best treatment (eg no CAB – same price; major CAB – premium price)
- Budget impact may be considered by “decision makers” but is not generally factored into value assessments in the HTA process, and is not considered at all in some HTA processes

HTA and value – QALY-based systems

- Cost per QALY is compared against an explicit or implicit threshold, and access/pricing decision based on that and other relevant factors (eg system priorities).
- New drugs or devices with cost per QALY at or below the threshold are generally considered value for money
- In theory, by adopting them we will displace existing activities with lower value for money and improve the overall value for money of the system
- But:
 - Are we sure the threshold really reflects value for money as judged by what the health system is currently doing?
 - Are we sure that the system will succeed in identifying and managing-out activities of lower value?
 - If the budget impact of the new technology is high, it will affect the threshold for the system

Possible Roles for HTA in affordability

- HTA could
 - Systematically estimate uptake and budget impact under various scenarios for cost and other factors
 - Support the budget holder's consideration of budget impact and affordability, eg through
 - Developing and populating an MCDA framework that includes budget impact and other factors relevant to judging affordability
 - Incorporating budget impact into an algorithm that provides an overall recommendation to the budget holder on adoption (eg the ICER Framework in the USA)
 - Develop estimates of predicted public and private returns under different scenarios (to inform consideration of a “fair price”)

Pros and cons of including affordability in HTA

- Pro
 - Clarity and transparency
 - Could help to ensure that relevant information and expertise is included in the decision making process
- Con
 - Risk of confounding affordability with value, and/or reducing the visibility of value and the importance attached to it
 - Possible confusion in accountability for decisions

Questions for Canadians

- How well do our value assessments and value-based decision making work at present?
 - Are QALYs helpful? Are we using appropriate thresholds for coverage decisions? Do we know where the low value activities are? Are we able to manage them out?
- Who should be making decisions on affordability? What information and advice do they require? What role should HTA play in providing that? How do we ensure transparency and accountability?
- What is the resource base and time frame against which affordability should be judged: the drug budget, the health care budget, or the totality of government spending? Within year or spread over years? How can we spread costs over budgets and time in practice?
- What mechanisms could be used to promote access when a new technology is considered “unaffordable”?