



SUSTAINABLE ACCESS PRACTICES

Opinion on innovative payment models for high-cost innovative medicines

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ABSTRACT

The growth of pharmaceutical expenditures due to new high-cost innovative medicines, under the current institutional framework, creates financial challenges to health systems.

The recognition that the current path of growth cannot be continued indefinitely leads to the search of new ways to ensure that innovation “that matters” is produced, that patients have access to innovation and that health systems are financially sustainable.

This context leads to the discussion of innovative payment models for new medicines that improves the way the three above-mentioned objectives are met.

It is unlikely that a single payment model will be optimal for all situations. Some broad principles should be observed when defining specific payment models for innovative medicines and deciding on rewarding R&D in pharmaceutical products:

- Greater price and cost transparency, including the acknowledgement that high prices (high costs to payers) may or may not have underlying high costs of R&D.
- Revisit the rules of protecting innovation through patent law and market exclusivity, as other mechanisms to promote and reward high-value innovations can and should be devised. This is particularly true when clear areas of neglected attention can be identified in a consensual way. The patent system is the current best option for decentralized innovation efforts when consumers are price sensitive, but not necessarily otherwise. This opens space to explore new models of promoting innovation that will encompass novel payment models which may or may not be associated with different rules in R&D funding (say, making use of prize-awarding mechanisms)
- Develop methodologies to measure the social value of pharmaceutical products and systematically use such methods, for instance in the context of HTA.
- Have an assessment of exercise of market power in each price negotiation, as a result of insurance protection set by health systems, reducing the role of consumer’s price sensitivity in limiting price increases of new products under patent protection.
- Set better rewards for higher therapeutic value added, so that innovation efforts are directed to the more relevant areas.
- Payment systems should evolve in the direction of paying for acquisition of a service (treatment) and not of a product (pill).
- Explore non-linear payment systems, including bundling, price-volume agreements, differentiation across geographies, and across indications.
- Create dialogue platforms involving all relevant stakeholders.