

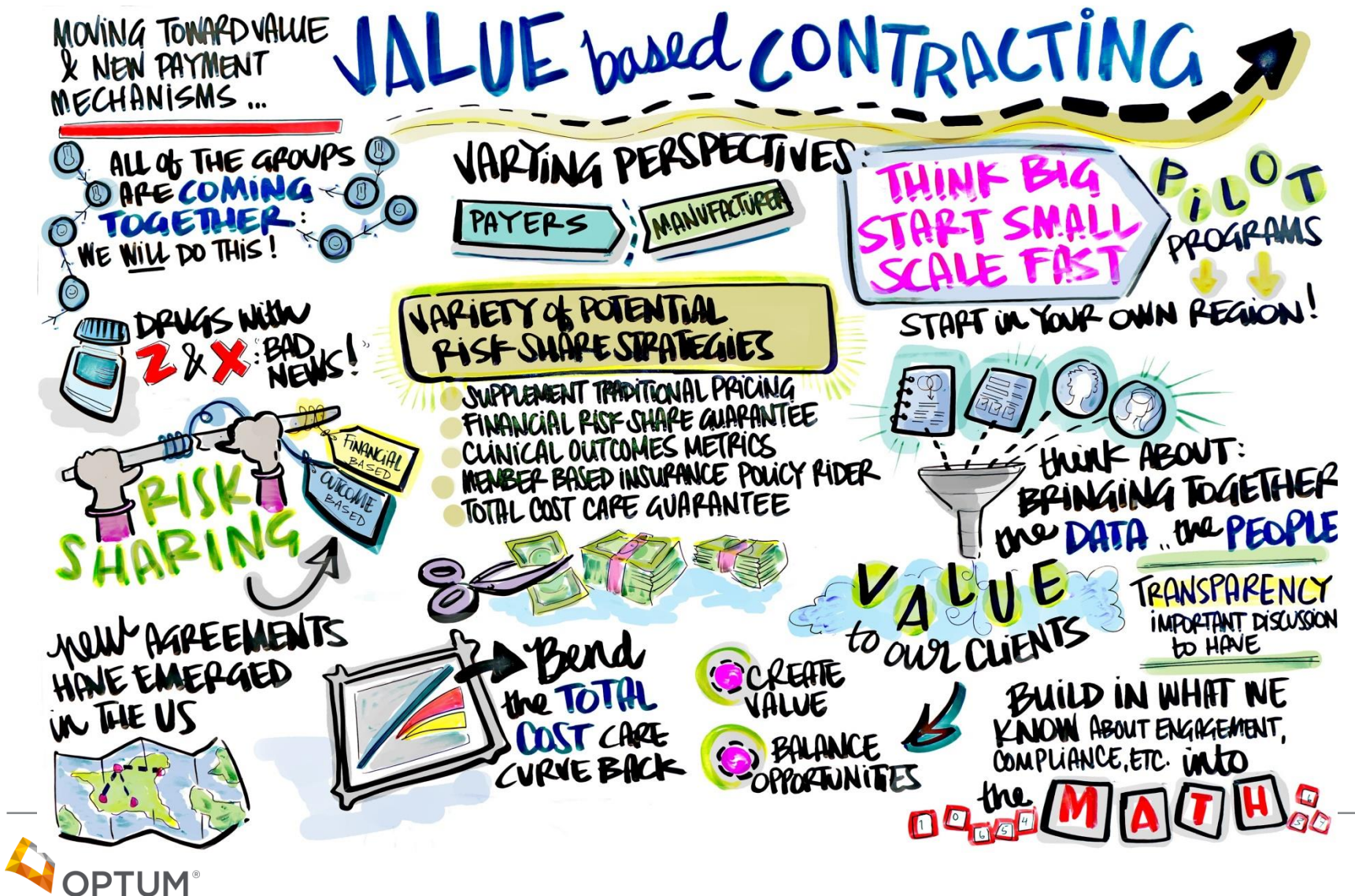


# Value-based Contracting for Pharmaceuticals and Device Manufacturers: Driving Value and Quality of Care

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# It's Straight Forward



# Money Back Guarantees

Money back guarantees have been in place since before the drugs actually worked

All Headaches Instantly Cured  
or Money Refunded.

LEGAL GUARANTEE.

**6 D. EMERSON'S BROMO-SELTZER**, the most successful American Remedy, is an effervescent Powder, taken in water. If three doses do not Cure any Headache, no matter how caused, send the Bottle to us, saying where obtained, AND WE WILL AT ONCE REFUND THE PRICE. TRIAL BOTTLE, post free, 6d. Larger Sizes 1s. and 2s. Sold by many Chemists or obtained to order by almost all.


EMERSON DRUG CO., LTD.,  
46, HOLBORN VIADUCT, LONDON, E.C.

Insist on Full Name—

**EMERSON'S BROMO-SELTZER**



A Guaranteed CURE  
FOR  
RHEUMATISM  
WHETHER  
ACUTE, CHRONIC,  
SCIATIC, NEURALGIC  
OR  
INFLAMMATORY  
50c a Bottle.



PREPARED FROM PURE  
RATTLESNAKE OIL.

THE ONLY COMPANY IN  
THE UNITED STATES  
THAT MAKES THE  
GENUINE  
ARTICLE.  
50c a Bottle.

**SNAKE-OIL LINIMENT**



**MEXICAN HEADACHE CURE.**

A Splitting Headache Cured Immediately by our Positive Headache and Neuralgia Cure.

Almost every one is more or less troubled with a headache at some time or other. Some persons are hardly ever free from them, and suffer martyrdom. We confidently say to our customers that it is not necessary to suffer longer than the time it takes to get a package of our Positive Headache Cure.

Headache Cure. We positively guarantee relief within fifteen minutes after the first dose has been taken. Rarely is a second dose required except in very obstinate cases. No matter from what cause, whether a nervous headache, or from the stomach, or a severe case of neuralgia, we guarantee complete relief. It is perfectly harmless, no bad results follow its use. Give it a trial when you suffer and you will be sure to speak of us as your friends.

No. 51570 Box, 25c; dozen...



# So What are Risk Sharing Agreements?

Risk sharing agreements are a way for payers to reduce risk through financial or outcomes-based schemes

## Financial-Based Schemes

- Focused on the financial arrangements between the manufacturer and purchaser; not tied to specific performance metrics
- Includes traditional rebates/discounts, price-volume agreements, quantity limits and treatment initiation

## Outcomes-Based Schemes

- Schemes tied to specific performance metrics such as biomarkers, clinical outcomes, or other metrics (e.g., hospitalizations)
- Includes coverage with evidence development and “guarantee” type schemes

- Outcomes-based agreements are becoming an increasingly popular topic of discussion as the US health system moves to a pay for performance model
- However, a 2015 study found **only 12%** of global risk sharing agreements were in the US, what is holding the US back?

Source: “Private Sector RSAs in the United States”, September 2015 issue of American Journal of Managed Care, Vols. 21, No. 9

# Potential Barriers to Risk Share Agreements in the United States

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**There are far less risk share agreements between pharmaceutical manufacturers and payers/PBMs in the US for a variety of complex reasons:**

1. Significant additional effort required to establish / execute RSAs (e.g. compared to traditional rebates / discounts)
2. Challenges in identifying / defining meaningful outcomes
3. Challenges in measuring relevant real-world outcomes
4. Data infrastructure inadequate for measuring / monitoring relevant outcomes
5. Difficulty in reaching contractual agreement (e.g. on the selection of outcomes, patients, data collection methods)
6. Implications for federal best price (Medicaid)
7. Payer concerns about adverse patient selection
8. Fragmented multi-payer insurance market with significant switching among plans
9. Challenges in assessing risk upfront due to uncertainties in real-world performance
10. Lack of control over product use
11. Significant resource and / or costs associated with ongoing adjudication

Source: "Private Sector RSAs in the United States", September 2015 issue of American Journal of Managed Care, Vols. 21, No. 9

# Value-Based Care: Impact on Pharma

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The transition to value based care will force life sciences companies to redefine how they define and deliver value to the market

## FROM: VOLUME

- **Randomized clinical trial-driven value**  
*- Placebo controlled, narrow populations*
- **Pay per transaction / script**  
*- Volume / rebate contracts*
- **Limited direct patient engagement**  
*- Narrow, brand focused programs*
- **Volume based Marketing and Sales**  
*- Resources allocated to maximize prescriptions*

## TO: VALUE

- **Real World Evidence driven value**  
*- Head to head outcomes in real-world population*
- **Pay per outcome**  
*- Value-based contracts*
- **Role in driving outcomes for the "system"**  
*- Partnerships to engage large populations*
- **Outcomes focused Marketing and Sales**  
*- Resources allocated to maximize outcomes achieved*

# APPROACH

Optum Life Sciences offers an end to end contract development service from Readiness Evaluation through Implementation

## CONTRACT DEVELOPMENT SERVICES

### STAGE 1 READINESS EVALUATION

- Clinical & Trade Evaluation
- Actuary/HEOR Analysis
- Data Determination
- Preliminary VBC Concept Simulation

**PORTFOLIO-  
BASED  
CONTRACTING**

### STAGE 2 DETAILED DESIGN

- Feedback & Guidance
- Alignment of Business and Clinical needs
- Finalize VBC Presentation
- Negotiation Strategy Development

### SUPPORTED BY:

Stakeholder  
Perspective



Stakeholder  
Input



Data & Tools



### STAGE 3 NEGOTIATION & IMPLEMENTATION SUPPORT

- Negotiation Support
- Implementation Troubleshooting
- Data Integration

***Value-Based  
Contract Ready to  
Operationalize***

# VBC Differentiation Through Optum

OOptum Life Sciences collaborates across all entities to obtain effective and executable VBC and maximize benefits.

## BENEFITS

- Public relations
- Financial sustainability
- Real-world evidence generation
- Maintain / improve access
- Grow market share
- Competitive differentiation
- Vetted VBC strategy
- Reduced VBC development time

### Manufacturers

Exhibits a willingness and desire to share in financial risk with payers to substantiate product outcomes

### Optum Life Sciences

Thought leaders and providers of best-in-class advisory and data services - aware of the shifting contracting needs of manufacturers and payers

### Payer

Exhibits a willingness and desire to share in financial risk to limit exposure but reward innovation to manufacturers

### PBM

Must meet the changing demands of its clients by managing increasing pharmacy risk with manufacturers



*Value-Based Contract Ready to Operationalize*



# VBC and UHC

## Medical Benefit

**40%**

*of spend covered by  
value-based contracts*

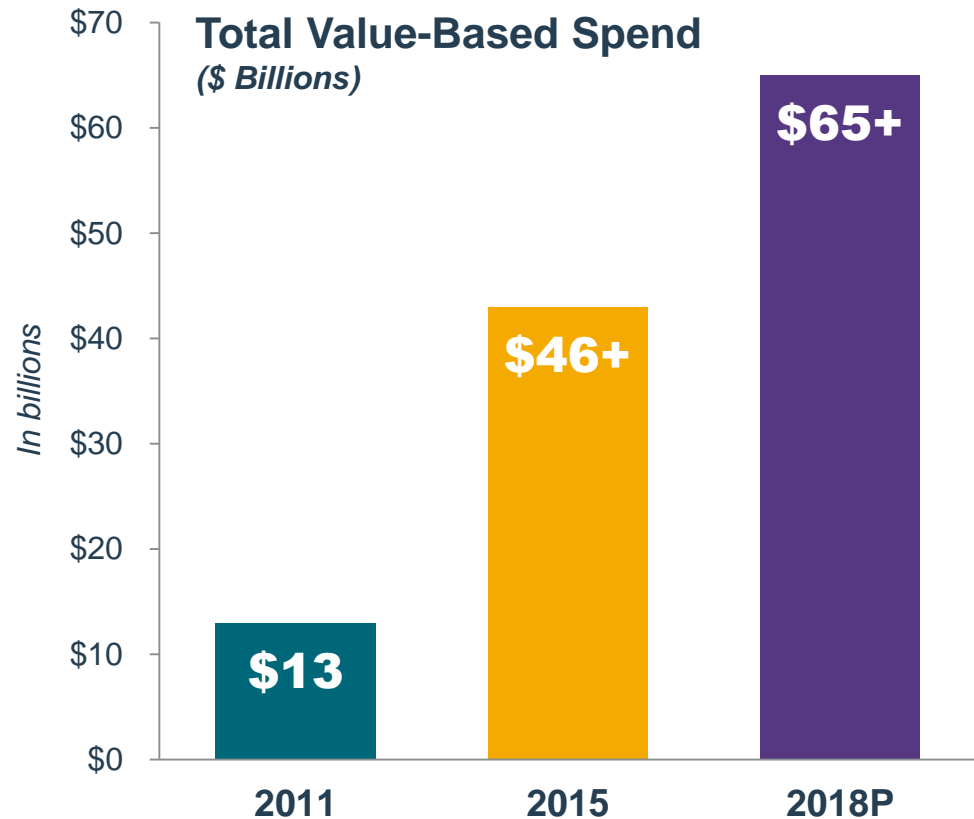
**14M**

*members impacted by  
value-based programs*

**1%-6%**

*lower medical cost across a range  
of Value-Based Care Programs*

## Value-Based Contracting Growth



All figures are reflective of all lines of business and programs in aggregate.

