OPTUM®

Optum value-based contracting services

As the health care system continues its transition to value-based care in an effort to stem the rising costs of care, the current contractual agreement landscape between payers and pharmaceutical manufacturers is giving way to a more innovative reimbursement methodology — value-based contracting (VBC).

Regardless of the term used — value-based contracting, outcomes-based pricing or risk-share agreements — the goal is to lower drug cost while improving both quality of care and the member experience. This is achieved by tying reimbursement with how well a drug performs its intended use.

While these types of agreements are relatively new, more companies are entering into them because they successfully address mutual pain points:

MANUFACTURER pain points

As prices increase and payers begin focusing on the clinical value, access to patients and providers becomes more challenging.

Rebates are becoming unsustainable for manufacturers due to increasing rebate rates and culmulative price-protection models.

SHARED pain points

There is a need to quantify clinical outcomes and to find common value metrics between payers and manufacturers.

Pipelines are dominated by specialty products, forcing payers to focus on heavy control and favoring exclusions.

PAYER pain points

Payers need supplemental means in addition to rebates to offset the significant costs of medications.

Payers are struggling to qualify and quantify the clinical value of products and robustly correlating them to health care resource utilization.

Benefits of value-based contracting

Value-based contracting works when great care is taken to make it a collaborative process among all stakeholders — and when stakeholders are engaged early in the process. Effective and executable VBC incorporates flexibility and alignment of both clinical and business perspectives.

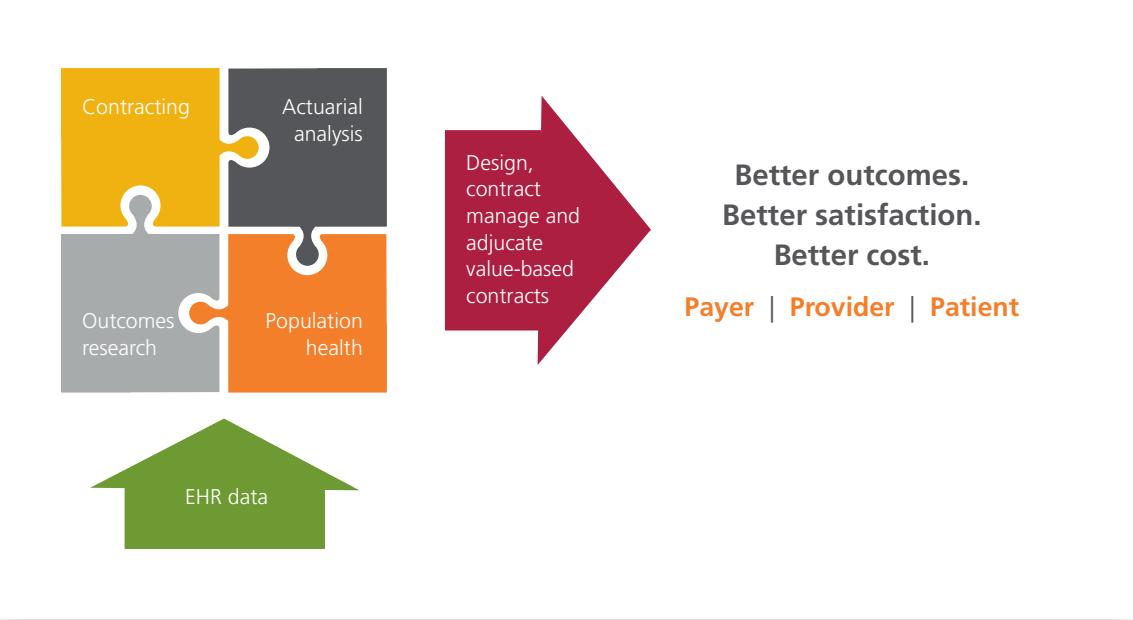
When executed correctly, it offers significant benefits to both the payer and manufacturer in the ways that it:

- Quantifies clinical value into meaningful metrics between payers and manufacturers
- Changes the emphasis from simple cost to cost, and creates pricing efficiency
- Provides an objective evaluation of a product's impact on overall health care
- Enables payers to quantify/qualify clinical value
- Ensures products are clinically sound with continued full P&T review
- Is design-driven and supported by robust data

Save time and resources with a VBC readiness evaluation

Optum uses a three-stage process to target appropriate assets and build meaningful contracting strategies that are operationally feasible and applicable across multiple payer archetypes. This approach also helps engage stakeholders to ensure alignment and progression toward contract execution.

Our core team is complemented by a broad range of expertise in data and analytics, health economics and outcomes research, and actuarial analysis.



Components of successful value-based contracting:

1. **Creates** value for all stakeholders
2. **Balances short- and long-term opportunities and risks** — for those who want more than a one-year deal
3. Brings together groups critical to **establishing VBC agreements** — HEOR, actuarial and across-Optum, risk-based contracting groups
4. Leverages claims and select clinical data to **ensure understanding** of outcomes and patient segments
5. Leverages a "simulation" to **test uncertainties** if there are significant unknowns
6. **Adjudicates** based on defined outcomes

To learn more about how Optum can help you with VBC, contact us now.

Call: 1-866-306-1321
Email: connected@optum.com
Visit: optum.com/life-sciences

Meet the experts

Dr. Brian Solow, Chief Medical Officer, Life Sciences
Brian Solow, MD, FAAFP, currently serves as the CMO for Optum life sciences. Prior to his current position, Dr. Solow served as the chief medical officer for OptumRx, where his primary responsibility was the coordination of clinical activities related to the development, enhancement and implementation of clinical programs supporting formulary management for OptumRx clients. Dr. Solow holds active appointments at the University of California, San Francisco, School of Pharmacy, and at the University of Southern California School of Pharmacy.

Greg Warren, Vice President, Pharmacy Actuarial Consulting
Greg Warren, FSA, MAAA, is a fellow of the Society of Actuaries and a member of the American Academy of Actuaries. He has worked as a health care actuary for over 20 years. His expertise includes Medicare, Medicaid and Commercial health plans, government entities, accountable care organizations, self-funded employers, pharmacy benefit managers, pharmacies and life sciences companies. Greg has previously held executive positions with a Fortune 50 company and a large PBM.

Meg Good, Vice President, HEOR
Dr. Margaret (Meg) Good, PhD, has over 15 years' experience in health economics and outcomes research. Prior to joining Optum, she was a faculty member in the Department of Public Policy at the University of Maryland, Baltimore, where she taught courses in health policy and research methods. She also worked at the University of Minnesota, managing large data collection projects for state agencies and policy makers. Meg has presented her research at national conferences and has authored articles in the *Journal of the American Medical Association, Inquiry, Medical Care Research & Review,* and the *Journal of Health Politics, Policy and Law.*

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11000 Optum Circle, Eden Prairie, MN 55344