

Pharmaceutical Summit on Business & Compliance Issues in Managed Markets



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The Human and Economic Costs of Chronic Disease



\$8,600

mean annual cost
per person in the US

AMERICANS

191 million have at least one

75 million have multiple



Costs of **CHRONIC DISEASE** in 2015

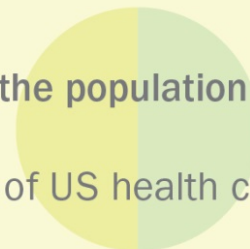
ANNUAL COSTS

\$2.8 trillion

in medical costs
and lost productivity

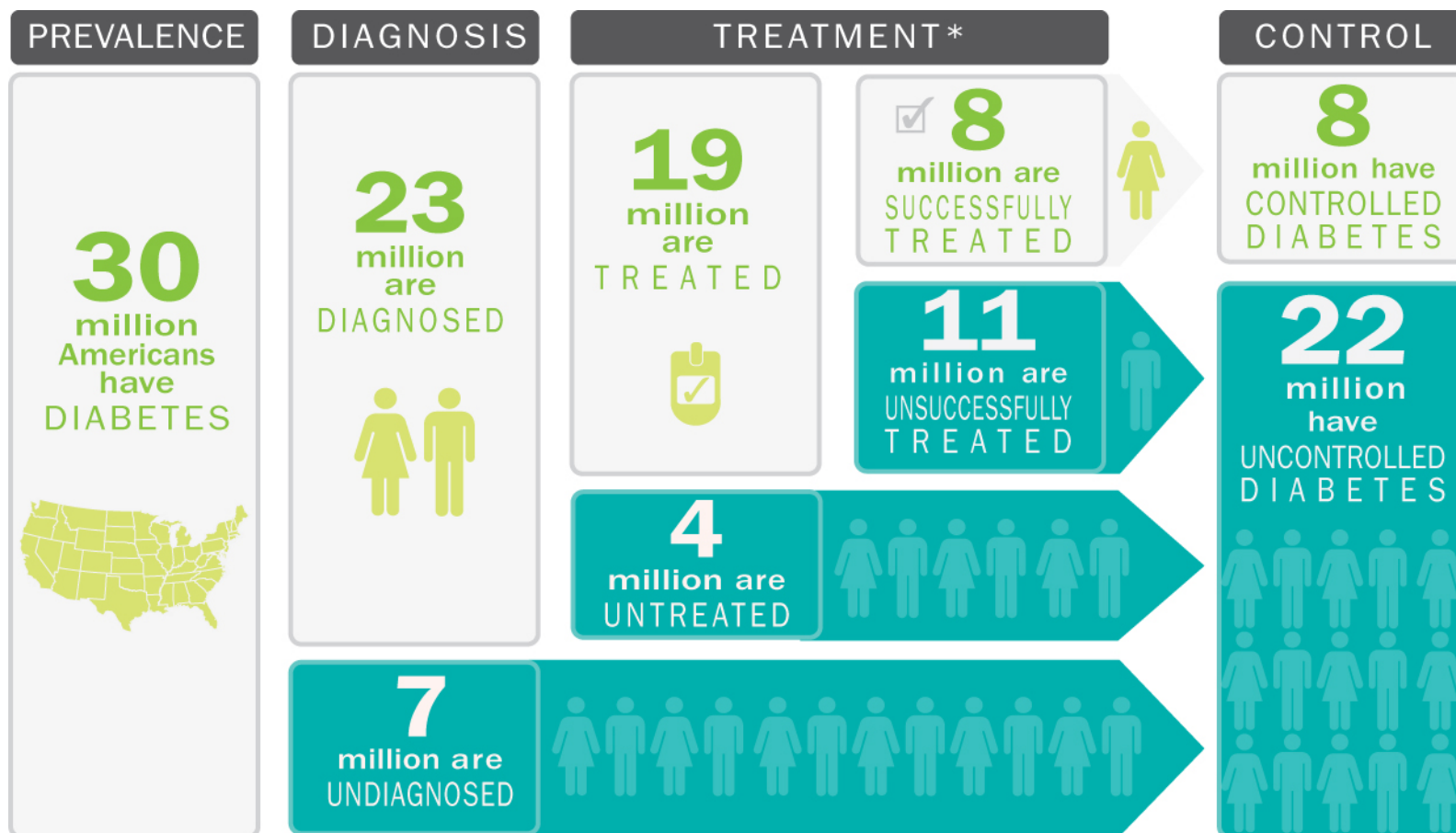


5% of the population accounts for
50% of US health care spending¹



Sources: Agency for Healthcare Research and Quality¹; IHS Life Sciences²

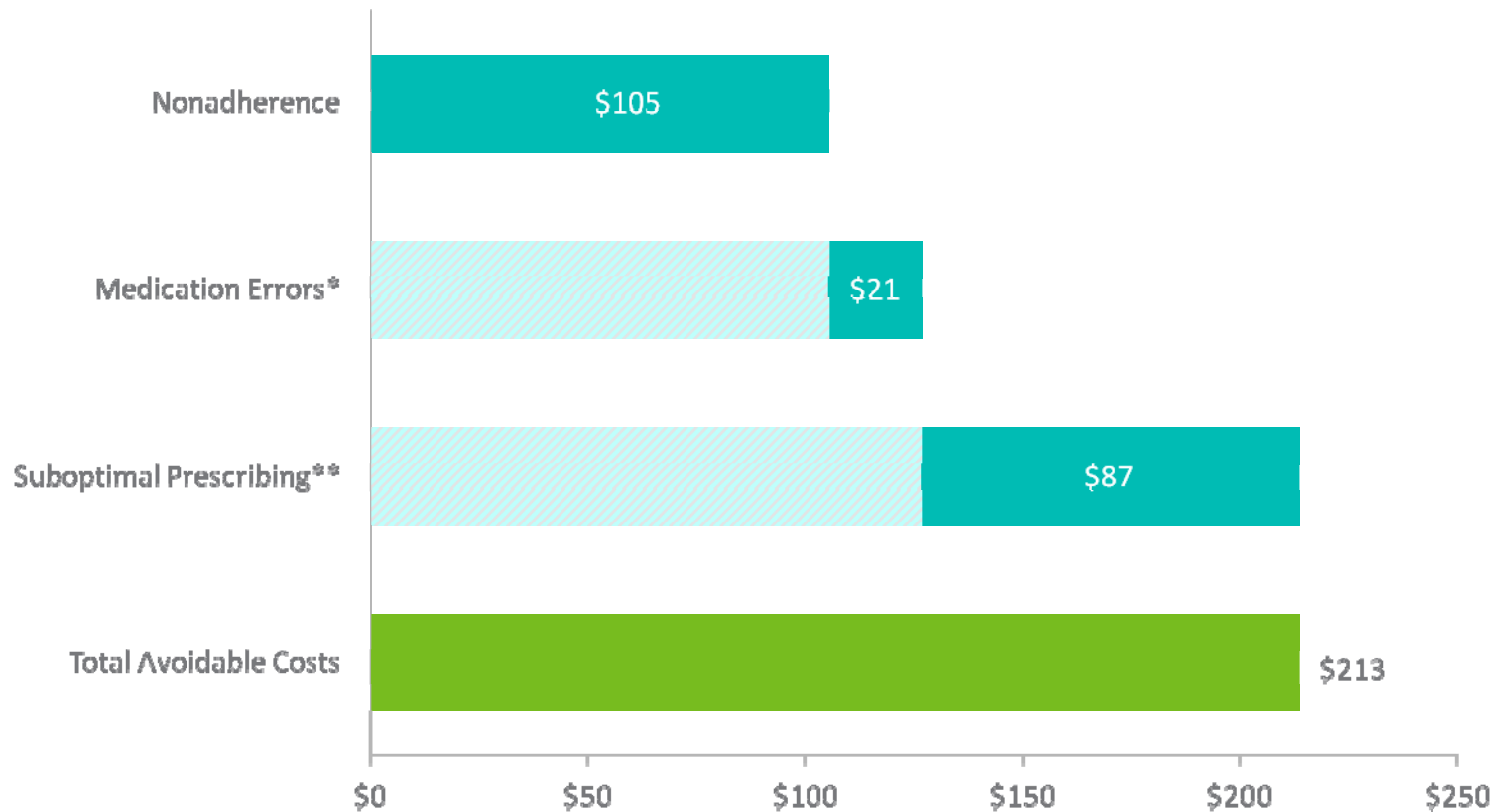
Diabetes: An Example of Underdiagnosis and Undertreatment



Source: IHS Life Sciences analysis based on CDC data³

Potential Savings From Better Use of Medicines

Avoidable Annual US Health Care Costs (in Billions, 2012)



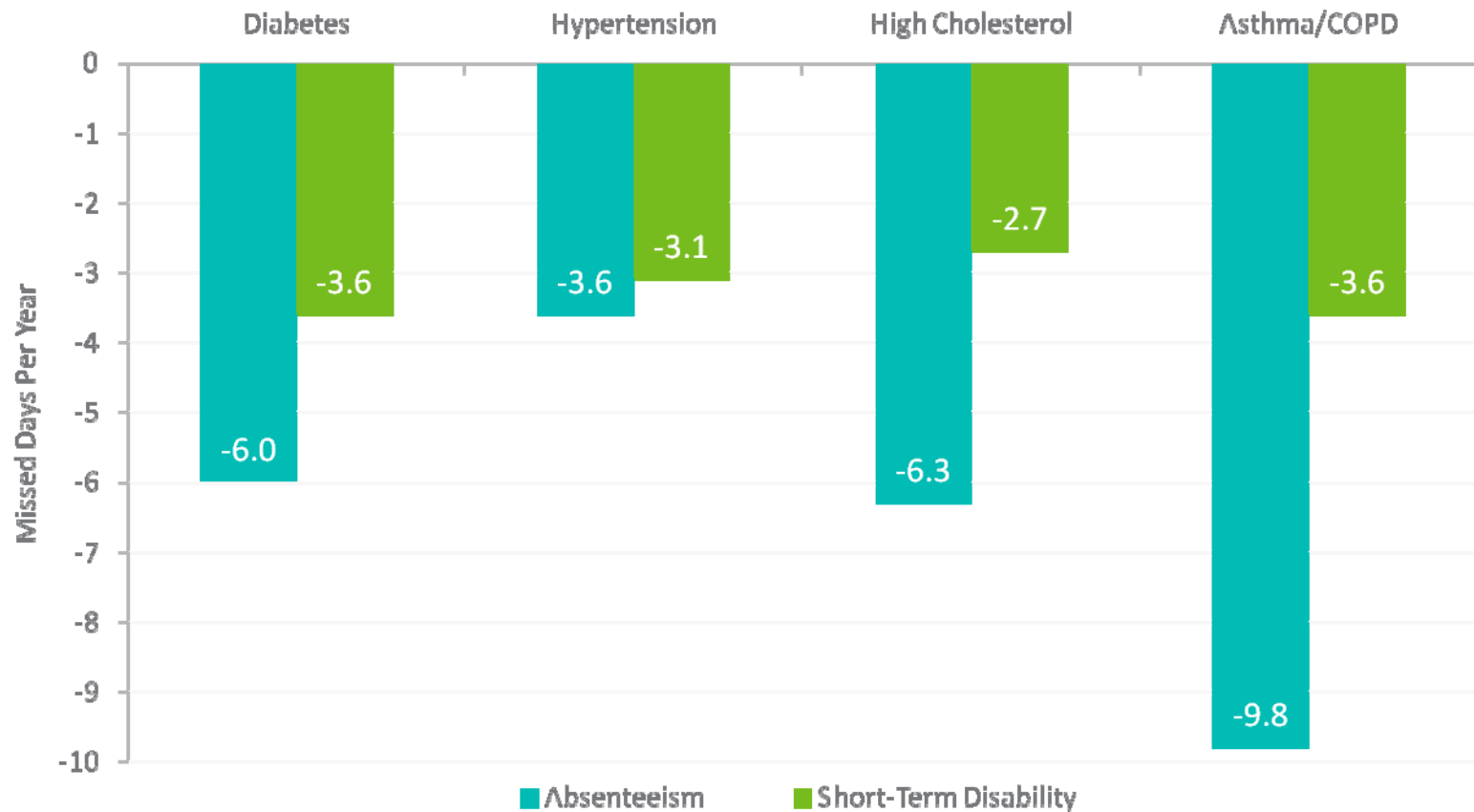
*Category includes medication errors (\$20 billion) and mismanaged polypharmacy (\$1 billion)

**Category includes untimely medicine use (\$40 billion), inappropriate antibiotic use (\$35 billion), and suboptimal generic use (\$12 billion)

Source: IMS Institute for Healthcare Informatics⁴

Improving Adherence Increases Worker Productivity

*Absenteeism and Short-Term Disability for Adherent Patients
Compared With Nonadherent Patients*



Source: Carls GS, et al.²⁴

Medicines Are Transforming the Treatment of Many Diseases

HIV/AIDS

During the past 2 decades, advances in treatment have contributed to a nearly 87% decline in death rates and transformed the disease from an acute, fatal illness to a chronic condition.⁸

Cancer

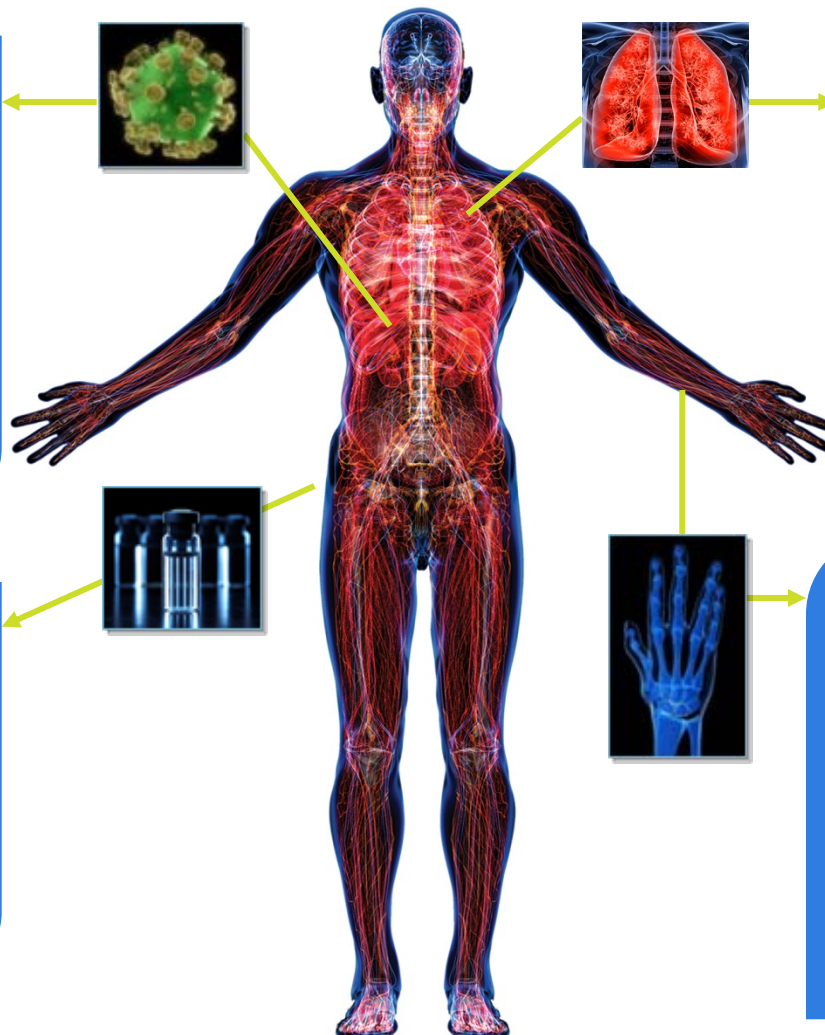
New therapies have contributed to a nearly 23% decline in cancer deaths since the 1990s. Today, 2 out of 3 people diagnosed with cancer survive at least 5 years.^{6,7}

Cystic Fibrosis (CF)

Advances in understanding the genetic mutations that cause CF have led to the development of highly targeted treatments—including for patients with a mutation known to be the most common cause of the disease.⁴

Rheumatoid Arthritis (RA)

Therapeutic advances have transformed the RA treatment paradigm over the past 20 years, shifting from a focus on managing symptoms to aiming for slowed disease progression and even disease remission.⁵



Sources: FDA⁴; Boston Healthcare Associates⁵; National Cancer Institute (NCI)⁶; American Cancer Society⁷; CDC⁸

RAPID CHANGE IN THE MARKET

for Medicines

VALUE-BASED
INSURANCE DESIGN

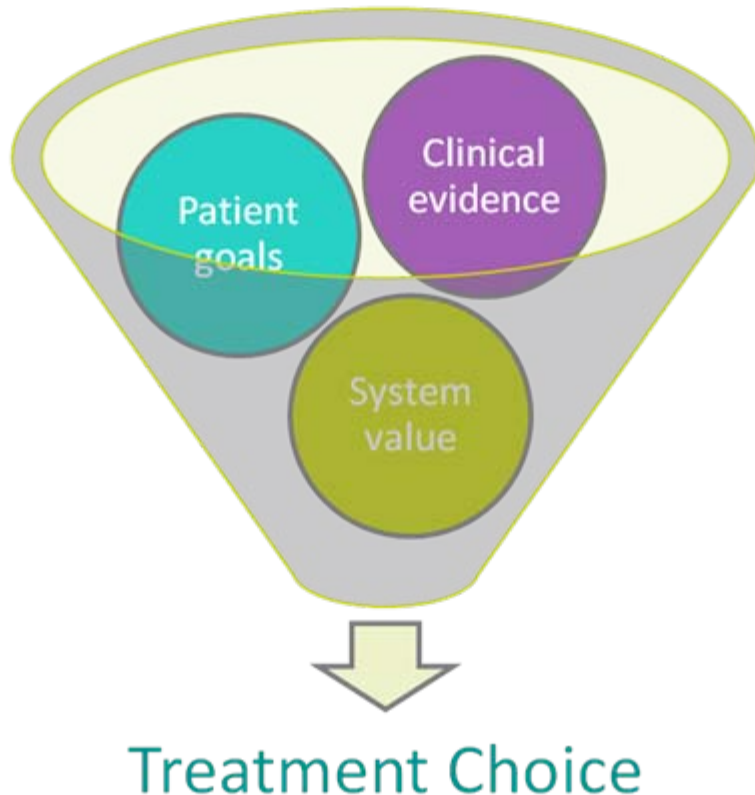
CLINICAL
PATHWAYS

ACCOUNTABLE CARE
ORGANIZATIONS

PROVIDERS AT RISK
FOR RX COSTS

BUNDLED
PAYMENTS

Value Frameworks and Decision Support Should Be Patient-Centered



- Describe open and transparent process
- Support patient-centered care
- Value continued scientific and medical progress
- Take a system-wide perspective on value
- Deliver reliable, relevant information

Regulations Should Be Updated to Support Value

- Payers seeking greater predictability and certainty regarding the biopharmaceutical pipeline
- Manufacturers conducting research on a range of endpoints not included in product labeling
- Biopharmaceutical companies exploring innovative partnerships with payers and providers

