Value-Based Partnerships: Engaging in Value-Driven Innovative Collaborations

NEW TRENDS IN INNOVATIVE COLLABORATIONS WITH MANUFACTURERS

In the United States, annual per capita spending on healthcare reached $10,348 in 2016, with a projected growth rate of 5.5% per year for 2017 through 2026. In an effort to slow this rate of growth, the healthcare industry is engaging in multiple tactics, including greater use of value-based care models where outcomes are assessed by multiple factors including cost of treatment, clinical outcomes, and patient experience. The shift toward a value-based care environment is creating an opportunity for healthcare organizations and other stakeholders to engage in value-driven innovative collaborations that can help improve the way treatments are identified and care is delivered.

In the biopharma industry, as the dialogue shifts away from pricing and toward the mutual goals of value-based care and population health, value-based partnerships (VBPs) between manufacturers and both payer and provider organizations are emerging. These partnerships allow partners to co-develop programs, solutions, and initiatives in a collaborative manner for the benefit of patients and the healthcare system and to further scientific knowledge in a therapeutic area.

In recent years, there have been several innovative value-based collaborations between manufacturers and healthcare organizations. These collaborations are innovative in that they examine complex, longitudinal, population health–relevant outcomes in hard-to-manage chronic conditions. Examples of recent VBPs include:

- A 2013 partnership between Humana and Lilly used claims data to examine how drug interventions affect outcomes, adherence, and total costs. The partners have since signed additional agreements to run diverse studies of other chronic diseases.
- In 2016, Merck entered into an agreement with Heritage Provider Network, Inc (HPN), a southern California–based managed care organization that participates in the Pioneer Model accountable care organizations, to identify novel solutions in diabetes and heart disease that focus on development of processes and services that enhance outcomes independent of the pharmaceutical company’s products.
- In 2016, Merck announced 2 agreements with Aetna, with the aim to address gaps in the coordination of care and to support the achievement of health targets for patients with type 2 diabetes and/or hypertension.

The wide range of potential benefits of collaborating include improvement of population health outcomes and reduction in potential “waste” to the healthcare system. Additional potential benefits in new collaborative partnerships include:

- Identification of new methods and measures for better economic value and efficiency
- Design of models for assessing appropriate patient populations
- Creation of opportunities to potentially increase value by promoting health-seeking behaviors
- Testing of clinical diagnostic, screening, and therapeutic interventions through a value-guided approach

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Amgen, headquartered in Thousand Oaks, California, has been one of the more forward-looking biopharma companies in developing VBPs with payers, providers, and other healthcare organizations, committing to the capability at the C-suite level and across multiple functions within the company. By engaging in value-based programs with entities across the healthcare system, including integrated delivery networks, health systems, payers, pharmacy benefit managers, health technology companies, and others, Amgen hopes to develop mutually beneficial opportunities to reduce costs, improve care, and enhance patient experiences. This reflects the company’s belief that managing disease through innovative medicine is key to containing healthcare costs and improving population health.

**DEFINING VALUE-BASED PARTNERSHIPS**

Amgen has engaged in VBPs with several organizations in the healthcare community, with the goal of developing scientific innovations, information, data, and insights that will better inform and potentially improve both the clinical outcomes and experiences of patients. Amgen defines a VBP as:

Two or more organizations sharing a mutually beneficial endeavor to deliver the highest value to the healthcare system and society by focusing on improving patient outcomes* in the context of system and societal total costs.

*Includes patients’ clinical outcomes, experiences, and satisfaction.

In Amgen’s view, the goals of projects executed through partnerships are to increase the quality of outcomes and/or decrease healthcare spend. The types of projects undertaken in a VBP vary, but may include:

- Disease management
- Patient/caregiver engagement initiatives
- Digital solutions
- Resource/data sharing
- Data integration
- Predictive modeling

Amgen envisions partnerships formed with not only payers and healthcare providers, but also with patient associations, technology companies, and research institutions. Each partnership has its own objectives and value drivers, and success is dependent on the VBP creating a mutually beneficial situation and tangible benefit for all engaged partners. Amgen views these partnerships as an essential first step toward establishing future long-term relationships in which additional value models may be explored.

To illustrate the potential of VBPs in action, case studies are presented through interviews with healthcare leaders whose organizations are engaged with Amgen in these efforts, as well as an interview with Amgen’s vice president of Global Value Based Partnerships. The interviews focus on their experiences in creating and managing a VBP, including their rationale for participation, areas of focus, and expected benefits, as well as organizational challenges and solutions.

**CASE STUDIES**

Editors from the *American Journal of Managed Care* sat down with Todd C. Lord, PharmD, vice president, business development, Magellan Method, a division of Magellan Rx Management, Andrew L. Masica, MD, MSCI, chief clinical effectiveness Officer, Baylor Scott & White Health (BSWH), and Peter Juhn, MD, Vice President, Global Value Based Partnerships, Amgen to learn about the experiences these organizations have had in creating VBPs.

Magellan Method is a division of Magellan Rx Management, the pharmacy benefit management (PBM) division of Magellan Health, Inc. Magellan Method specializes in solving complex healthcare challenges through industry-leading managed care insights, customized clinical interventions, and real-world analytics, including both medical and pharmacy data.

As the largest not-for-profit health care system in Texas and one of the largest in the United States, BSWH was born from the 2013 merger of the Baylor Health Care System and Scott & White Healthcare. Today, Baylor Scott & White includes 48 hospitals; more than 1000 patient care sites; more than 9700 active physicians; over 47,000 employees; and the Scott & White Health Plan. Founded in 1980, Amgen, Inc. is one of the world’s leading biotechnology companies, committed to unlocking the potential of biology for patients suffering from serious illness by discovering, developing, manufacturing, and delivering innovative human therapeutics. Amgen has a presence in approximately 100 countries and regions worldwide, focusing on 6 therapeutic areas: cardiovascular disease, oncology, bone health, neuroscience, nephrology, and inflammation.
Value-Based Partnerships: Engaging in Value-Driven Innovative Collaborations

CASE STUDY ON VALUE-BASED PARTNERSHIPS BETWEEN AMGEN AND MEMBERS OF THE HEALTHCARE COMMUNITY: AN EXPERT PERSPECTIVE FROM PETER JUHN, MD

AJMC*: Why did Amgen develop a VBP model?
Juhn: Amgen created the VBP team and built this model because we recognize that to solve the biggest challenges in healthcare, we need to move beyond the purely transactional model of interacting with our customers/vendors and develop a more cooperative, collaborative approach to problem solving. Creating a partnership with experts from multiple areas in the healthcare environment means that each party brings to the relationship something unique. Also, by working together we can ensure the outcomes go beyond satisfying each party's narrow self-interest.

AJMC*: What value does Amgen obtain from participating in VBPs?
Juhn: By working closely with our partners, Amgen gets a valuable “seat at the table” to work directly in true collaboration with key members of the healthcare community to address the big challenges facing healthcare worldwide—more effective therapeutics, more affordable care delivery, and the opportunity to help improve healthcare outcomes—clinical, economic and humanistic. We get a chance to work closely with experts from across the industry, and we’re able to act on learnings from the collaboration and improve upon our core mission of putting patients first.

AJMC*: Amgen has a highly defined process for VBPs, including necessary components for every partnership. What was the impetus behind the highly defined process for collaborating?
Juhn: We recognize that clear, transparent, repeatable processes are generally needed when introducing new and innovative approaches such as VBPs. These well-defined processes help create both an internal discipline within Amgen to do partnerships in a consistent and repeatable way and an external credibility that our actions are driven by our partnership principles and not market-place expediency. Additionally, a dedicated cross-functional team at Amgen focuses solely on co-developing partnerships that are high value to both Amgen and our partner. That dedicated team identifies, administers, and implements partnerships and projects across the globe. We believe the people and processes put in place help Amgen differentiate ourselves, as well as show our commitment to be an invested, thoughtful, and active partner.

AJMC*: One necessary component for collaboration is having joint decision making. How is the decision making process operationalized between the partners?
Juhn: For our larger partnerships, working together with the partner, we create very formalized joint steering committees [JSCs] modeled after governing boards that manage true business joint ventures. These JSCs have equal representation from both partners, meet on a regular basis (usually at quarterly intervals), and make decisions on a full consensus basis. Each meeting is carefully planned with background materials and formal presentations covering 3 topic domains: review of existing partnership projects, implications of completed projects, and proposals for new projects.

AJMC*: What successes have VBPs had thus far?
Juhn: Since the formation of the VBP team, we have launched over 100 partnerships worldwide with key stakeholders including over 20 with leading US stakeholders, ranging from national public health entities to large commercial payors to pharmacy benefit managers to leading regional integrated delivery networks. By the end of 2018, we will have completed over 50 individual partnership projects with results that we hope will inform and support improvement in patient outcomes.

AJMC*: As the VBP model progresses, what does the future look like? What successes does Amgen hope to achieve with VBPs?
Juhn: It will take time, effort, partnership output, and results to build meaningful sustaining partnerships and elevate our relationships with members of the healthcare community, but we’re on the right path and have seen early signs of success. We hope we can jointly address the biggest challenges in healthcare today, like care affordability or identification of appropriate treatments for the right patients. We want to work directly with our partners where the partnership objectives supersede any specific short-term market gains for either partner and instead each partner benefits in the longer term by solving these big challenges. It will truly take a village to solve our biggest healthcare problems. We want a little hut in this village where we welcome others to our hut and where we are welcomed into theirs.
**CLINICAL BRIEF**

**CASE STUDY ON VALUE-BASED PARTNERSHIPS WITH AMGEN AND MAGELLAN METHOD: AN EXPERT PERSPECTIVE FROM TODD C. LORD, PHARMD**

**AJMC**: What led you to explore a collaborative VBP with Amgen? What are the organization’s reasons for entering into a VBP with a pharmaceutical company?

**Lord**: Our primary motivation was the belief that we’re stronger together. Magellan is committed to finding innovative ways to bring value to the clients and members that we serve. We believe it is important to find new ways to partner with healthcare stakeholders to drive to common goals and move the industry forward. Historically, the relationship between payer/PBM organizations and pharmaceutical companies has been largely transactional, and we’re hoping that VBPs can help change the paradigm of how organizations like Magellan and Amgen can work together to help patients live healthier, more vibrant lives.

One of the reasons that Amgen was an attractive partner was the commitment to making these types of opportunities a success. Amgen has developed an entire business unit dedicated solely to VBPs, including dedicated legal and project management teams. This level of commitment and resource allocation is not considered standard industry practice, but this type of organizational commitment is why Magellan felt that Amgen shared our values in the quest for innovative partnerships and development of solutions that could be broadly applied.

**AJMC**: Who were the internal and external stakeholders involved in the process?

**Lord**: Whenever organizations engage in a partnership such as this, the due diligence process, on both sides, is important. You want to make sure that you have the right partners on board and that each partner understands the roles and responsibilities and is adequately equipped to deliver on the expectations. For Magellan, it was important to involve the senior leadership from Magellan Rx Management, including representation from Magellan Method, clinical, specialty strategy, legal, compliance, investor relations, trade relations, account management, marketing, and government affairs. Magellan Rx Management serves a wide range of clients, and it is important to understand the potential impact of a partnership across the entire product portfolio. Therefore, various stakeholders need to be involved to evaluate the relationship, desired outcomes, and implementation strategy to ensure internal alignment and transparency.

**AJMC**: Can you describe specifically some of the projects that the organization and Amgen will undertake together?

**Lord**: The first VBP that Magellan and Amgen have undertaken is intended to improve disease management in patients with osteoporosis following a fracture. The program is designed to leverage advanced analytics to identify patients and provider care gaps to find opportunities for clinical and educational intervention. The interventions are led by the Magellan team of clinical pharmacists and focus on educating patients on postfracture care, risks of poor medication adherence, and lifestyle interventions. In addition, a provider educational campaign is intended to help providers identify patient-specific barriers to care and provide tools to help them educate their patients on fracture risk and postfracture care. The intent is to assess the impact that this program has across a variety of clinical and economic metrics, including:

- Percentage of bone densitometry [DXA] scans completed at 6 months and 1 year post fracture
- Percent of patients initiating appropriate pharmacologic osteoporosis therapy 6 months and 1 year post fracture
- Medication adherence
- Overall healthcare utilization

For instance, we will want to know the percentage, and percentage over baseline, of DXA scans at 6 and 12 months post fracture and the percentage of patients who begin appropriate drug therapy for osteoporosis during the same time. The medication adherence for these patients and their overall utilization of healthcare services are 2 additional metrics.

Essentially, the overall objective for both parties is to determine if a high-touch program to identify and intervene with osteoporosis patients will improve health outcomes and then use insights to be able to raise awareness and educate more broadly to impact overall osteoporosis care.

**AJMC**: In what ways are these projects or initiatives innovative?

**Lord**: This partnership was intentionally designed to be as simple and straightforward as possible. VBPs of this structure are relatively new for both organizations. Therefore, we wanted to position this opportunity for success without overly complicating the interventions just for the sake of perceived innovation. For that reason, we chose to leverage the current capabilities and resources already available from each party and to design a strategy that allows us to leverage the combined resources to generate a greater impact.

Together, we both have subject matter expertise to successfully operationalize and optimize a program outside of our partnership. Through more efficient data analytics and patient identification, earlier identification of clinical gaps in care can be identified and relayed to the clinical team for early intervention. Early patient engagement and facilitating appropriate transitions of care in patients with osteoporosis is essential to minimizing the risk of future fractures and subsequent disability. We anticipate this program will provide insight into the outcomes associated with a new approach to patient care and lay the foundation for other value-based initiatives in the future.

Additionally, both parties want to ensure that the outcomes of this partnership would be feasible to implement within various types of members of the healthcare community, regardless of the plan’s level of data integration.
**AJMC**: How does your organization view the involvement of Amgen?

**Lord**: Magellan views this as a true collaboration with joint decision making, equivalent contributions, and benefit to both parties. Magellan and Amgen have developed a JSC responsible for maintaining project oversight and providing an avenue for co-decisions on project design, patient identification algorithms, educational resources, outcomes measurement, and results communication.

**AJMC**: What are the expected benefits for your organization from this collaboration with Amgen?

**Lord**: From the Magellan perspective, there are a few objectives for this collaboration. First, to provide a real-world example of the outcomes that can be generated from an innovative payer/pharma collaboration, to engage in more partnership opportunities in the future and ultimately find new ways of providing value to our clients. Second, to determine if a high-touch program can improve health outcomes in patients with osteoporosis, which would allow Magellan and Amgen to use these insights to co-develop a program that can be offered to other payers. Finally, we would like to be an innovator in the realm of VBPs through improved relationships with manufacturers like Amgen.

**AJMC**: How will outcomes be measured?

**Lord**: Outcomes will be measured based on a comprehensive analysis of medical and pharmacy administrative claims data. There are several metrics that will be analyzed, including:

- Number of patients and physicians engaged
- Number of engagements per patient and physician
- Qualitative patient engagement assessment
- Number and percentage of DXA scans completed at 6 months and 1 year post fracture
- Number and percentage of patients initiating appropriate pharmacologic osteoporosis therapy at 6 months and 1 year post fracture
- Patient medication adherence
- Changes in overall healthcare utilization [costs] pre- and post intervention
- Although not a direct goal of the program, we’ll also be assessing the impact that this program has on osteoporosis-related quality metrics.

**AJMC**: Besides benefits to your organization, what benefits to the patient population are expected through these partnerships and how will these patient benefits be measured?

**Lord**: Our hope is that the results and insights from this program will help inform and improve postfracture care with the number one objective to reduce subsequent fractures. This will be measured by the percent of patients receiving follow-up bone density scans and/or pharmacologic therapy within 6 months of having a fracture and by using administrative claims data to assess overall healthcare utilization.

**AJMC**: Do Amgen and your organization have a communication plan currently in place to share new solutions or results arising from the partnership and to share program successes?

**Lord**: Not specifically, but we have agreed that we will work together to disseminate the information. This will be the responsibility of the JSC to determine the most appropriate avenue for results communication. Ideally, we’d like to publish the program results in a peer-reviewed journal, present the outcomes at industry conferences, and disseminate through other appropriate channels. On the Magellan side, we may potentially develop continuing medical education programs for our providers. In addition, both parties may have other mechanisms to share information with relevant stakeholders, including customers, to highlight the information, processes, and outcomes generated from a new approach to managing osteoporosis patients following a fracture.

**AJMC**: Would you recommend this model or offer any advice for other organizations interested in this type of value-based collaborative partnership with a biotechnology company?

**Lord**: This is certainly a substantial time and resource commitment. Unfortunately, many healthcare stakeholders, including health plans, are strapped for both clinical and analytic resources and need a trusted third party to be able to carry the resource burden of implementing a partnership like this. This provides us with a unique opportunity to explore every possible avenue to provide information and insights to healthcare stakeholders. The healthcare environment is drastically changing, but what isn’t changing is the need to drive improved health outcomes as a strategy to reduce overall cost of care. If these partnerships can demonstrate a meaningful impact on quality of care or cost avoidance, then all healthcare stakeholders may begin to view partnerships with pharmaceutical manufacturers in a new light.
CASE STUDY ON VALUE-BASED PARTNERSHIPS WITH AMGEN AND BAYLOR SCOTT & WHITE: AN EXPERT PERSPECTIVE FROM ANDREW L. MASICA, MD, MSCI

**AJMC®**: What led you to explore a collaborative VBP with Amgen? What were your organization’s reasons for entering in a partnership like this with a biotechnology manufacturer?

**Masica**: For us, it’s about being cognizant of healthcare delivery in a market that is moving toward a value-based model where you’re increasingly being paid on quality and outcome measures rather than volume. In the context of that evolution, the relationship of industry and pharma has historically been transactional with integrated delivery organizations. To really be successful in the value-based marketplace, it must be more of a collaborative and mutually beneficial partnership. Both entities have a mutual interest in the patients served by the delivery organization. That’s where you want to leverage the partnership approach as opposed to a transactional model. VBPs also fit our broader organizational transformation and preparations to operate as a care delivery and wellness maintenance system of the future.

**AJMC®**: What was your internal process like for entering a formal partnership with Amgen?

**Masica**: Initial discussions focused on therapeutic areas of interest at BSWH and Amgen. Once we identified common priorities for both parties, it allowed us to explore the partnership further.

Each partner brings something different to the table, in terms of innovation and transforming care. Industry has the technology, business model, and resources to help develop new therapies. Delivery organizations can and should be directly involved in evidence generation and development of approaches for better care, but also represent the settings in which new therapies can be evaluated and applied.

Once there was a recognition of a potential shared benefit derived from a VBP, we had to look at specific questions. Did we have the right model, and resources to help develop new therapies. Delivery and development of approaches for better care, but also represent the settings in which new therapies can be evaluated and applied. Can you describe specifically some of the projects that the organization and Amgen will undertake together?

**Masica**: The collaborative work to date falls into several categories. First, we used data collected from normal BSWH care operations to determine-pharma relationship space, how that model operates day to day is still very much a work-in-progress. The first phase of partnership development entailed introductory conversations about whether we had mutual areas of interest. That was followed by additional due diligence surrounding what a specific project would actually look like. Who would be involved? How would resources be allocated? What were the legal and compliance components to consider?

Once we agreed on the program foundations, discussions became very granular in terms of logistics-contracting, deliverables, legal review, timelines, etc. The other fundamental question was, is this program research or is it more of an operational project? In our case, we felt this fell squarely into the operational, nonresearch space. After those structural pieces were in place, the emphasis shifted to pulling together a project work team and then executing.

**AJMC®**: Okay, can you tell us a little bit about what your project team looked like, and what type of individual roles are involved?

**Masica**: After making the determination that this was an operational project, we brought in other people from the organization involved with innovation and care transformation efforts. These included subject matter experts in primary care, care coordination, and patient education, as well as a data analyst and a project manager. That’s the core team on the BSWH side. This group interacts with other individuals across the organization on an as-needed basis in terms of reaching out to specific practice sites or obtaining perspectives from additional BSWH stakeholders. The BSWH core team works closely with a matching group on the Amgen side. My own connection to the project is a hybrid role, linking healthcare delivery science and operational improvement efforts.

**AJMC®**: Can you describe specifically some of the projects that the organization and Amgen will undertake together?

**Masica**: The collaborative work to date falls into several categories. First, we used data collected from normal BSWH care operations to characterize our population in terms of demographics, anti-hyperlipidemic use, and current LDL status. This real-world evidence informed our collaboration, with the end goal of designing a project to improve our understanding of potential care management options.

The other component surrounds patient engagement. To better understand that aspect of lipid management—for example, what factors are most important to patients as far as lipid medication adherence—we conducted a series of patient interviews. Insights from this phase of our partnership could be used to co-develop disease education resources, patient engagement resources, or other patient-focused content. The final formats of what we will do with that content are still to be determined.

**AJMC®**: When Amgen approached you, what was the process for making a partnership happen? Did it have to go up the ladder? Did others in your organization need selling or education around the details of a VBP?

**Masica**: “Value-based model” is a description commonly used when discussing healthcare transformation, but in the delivery organization-pharma relationship space, how that model operates day to day is still very much a work-in-progress. The first phase of partnership development entailed introductory conversations about whether we had mutual areas of interest. That was followed by additional due diligence surrounding what a specific project would actually look like. Who would be involved? How would resources be allocated? What were the legal and compliance components to consider?

Once we agreed on the program foundations, discussions became very granular in terms of logistics-contracting, deliverables, legal review, timelines, etc. The other fundamental question was, is this program research or is it more of an operational project? In our case, we felt this fell squarely into the operational, nonresearch space. After those structural pieces were in place, the emphasis shifted to pulling together a project work team and then executing.

**AJMC®**: How will your organization and Amgen jointly make decisions as these projects unfold? If there are shifts or things that need to be addressed, is there a steering committee? What’s your communication structure like with Amgen for this program?

**Masica**: We do have a program steering committee, and we work directly with 2 project leads at Amgen in that capacity. BSWH members
include myself, a vice president in the BSWH Value-Based Healthcare Institute—our quality improvement consulting resource that works with external entities—and our system director of patient learning. The steering committee generally meets monthly.

**AJMC®:** What are the organizational goals and benefits that you’re expecting from this program?

**Masica:** From the real-world evidence standpoint, with the array of new drug therapies coming onto the market, we are very interested in looking at net population benefits and total costs of care associated with those therapies, particularly when applied to environments similar to BSWH. I think there is a real opportunity for organizations to use their own data and work with industry partners to help answer those types of questions.

The other area of interest is generating actionable data or new approaches for the health coaches and clinical care managers throughout our accountable care organization, as well as our outpatient practice networks. We really didn’t have anything specifically developed for patient engagement and activation in the lipid management space. We felt there were some opportunities to improve care delivery and any learnings or tools that we could develop for that condition would be of mutual benefit for the patients served by BSWH as well as our providers.

I think that also highlights the difference between VBPs that emphasize shared knowledge generation versus value-based contracting. Historically, value-based contracting has often been a transactional arrangement driven by volume, where organizations purchase a certain amount of the drug and in return receive favorable pricing. That’s not what we’re setting up with Amgen. The partnership at this stage is really about laying some of the groundwork and conducting pilots to understand what the next generation of value-based agreements—for example, purchasing contracts with shared risk—and innovative care models to better serve patients might look like.

**AJMC®:** So your work with Amgen on this project does not have to do with a contract that may affect pricing for drug acquisition?

**Masica:** Correct. This partnership is not connected to any purchasing agreements. Again, at this stage, I view the partnership very much as a discovery and learning lab, generating pragmatic resources to help move the needle on clinical outcomes and providing insights.

**AJMC®:** Would you suggest this model or offer any other advice for other types of organizations interested in this type of collaborative partnership?

**Masica:** There is general acknowledgment that the market is going to evolve from fee-for-service to a predominantly value-based model. The timing and the specific mechanisms for how that’s going to happen are much less clear. There’s not really a standard organizational blueprint for how to make such a transition easily or quickly. That gap creates a situation where a joint learning partnership can provide a tremendous amount of value to the healthcare system. You can use the partnership as a rapid-cycle innovation environment to test new ideas, and it may lead you to some insights, information, or products that support better patient care or could improve healthcare outcomes overall that might not have been pursued otherwise. These types of partnerships can accelerate the discovery phase and move the healthcare system toward those value-based care approaches faster.

**AJMC®:** What does value mean to BSWH?

**Masica:** On a high level, BSWH’s conception of value, like that of many organizations, is the relationship of quality versus cost of services provided, as well as access to those services. Within that framework of value, and specifically in the pharmacotherapy space, I think the concept of tailoring care and matching the right patient with the right treatment becomes very important. For example, is there a patient who might benefit from being on a specific medication therapy that’s not receiving it? This would be an underuse problem. Conversely, is a patient taking a medication which is unlikely to help their condition or has risks that outweigh potential benefits? This would be an overuse problem. Likewise, does a patient have access to their prescribed medication and are they taking it appropriately? Each of these scenarios impacts the relative value of pharmacotherapy. Other aspects of value relate to the things we do that benefit our patients’ experience and the efficiency of care delivery. Frequently, there is still significant equipoise in the value equation with novel therapies. For example, what’s the downstream impact of higher spending for a new drug on clinical and cost and outcomes, both to the patient and to the delivery organization? From a total cost-of-care perspective, it may be very reasonable to spend more on the front end of a longitudinal care episode, if, at a population level, it yields net tangible benefits. As mentioned previously, this type of analysis done at the local level represents a potent type of real-world evidence.

Lastly, value can depend on the perspective of who is doing the assessment. On the patient side, value could be a lower out-of-pocket cost for a therapy or a clinical outcome that improves quality of life or an ability to work. For a delivery organization or a payer, value may lie in determining initial cost of the therapy versus the total cost of care and the impact on the broader covered population. Everyone uses the term “value,” but it is often helpful to view the question through the lens of “value to whom?”

**REFERENCES**


