

HEALTH AND HUMAN SERVICES

Resolution HHS-18-23

A RESOLUTION ON REMOVING BARRIERS TO VALUE-BASED ARRANGEMENTS

WHEREAS, the United States spends substantially more on health care services than any other country in the world but has poorer healthcare outcomes;

WHEREAS, the United States spends less on prescription drugs as a percentage of overall health care spending than the overwhelming majority of countries that compose the Organization for Economic Co-Operation and Development (OECD), a forum where the governments of 34 democracies with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development;

WHEREAS, aside from helping to prevent, treat, and cure disease, medicines also generate downstream costs savings by avoiding other expensive medical services; for example, for every 1 percent increase in medicine utilization, total Medicare program costs fall by 0.2 percent;

WHEREAS, many health conditions, from mental health to cancer, are ripe for development of more effective drug therapies and innovation must be incentivized to bring these new breakthrough drugs to market;

WHEREAS, while medicines bring good value to the health care system and close to 90 percent of medicines dispensed today are generics, newer therapies that reflect advances in innovation may have a higher price;

WHEREAS, different patients respond to drug treatments differently, and insurers are often averse to the risk of paying for new high cost therapies when outcomes are not guaranteed and members frequently change health plans;

WHEREAS, traditional reimbursement models and restrictive benefit designs can threaten patient access to new therapies, which can have a direct impact on a patient's health and generate more downstream costs to the health care system;

WHEREAS, the consensus of the health care community is that the health care system must move from simply paying for services to paying for health outcomes;

WHEREAS, several insurers and drug manufacturers are interested in and are actively working on value-based reimbursement models that pay for better outcomes instead of just the dispensed therapy; and

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WHEREAS, while value-based arrangements are one solution that can lead to greater care and efficiencies for all, there are statutory and regulatory constraints that threaten the ability of drug manufacturers to enter into value-based payment arrangements.

THEREFORE BE IT RESOLVED, that the National Black Caucus of State Legislators supports and that regulators review current statutory and regulatory provisions that may impact the ability of drug manufacturers and insurers to develop and implement value-based contracting models, including regulations around Medicaid rebate calculations, application of anti-kickback statutes, permissible communications between drug manufacturers and health care providers on medicine uses, indications and clinical and economic outcomes;

BE IT FURTHER RESOLVED, that drug manufacturers and insurers should be encouraged to explore and test value-based contracting in pilot programs to study effectiveness and operational feasibility of these models; and

BE IT FINALLY RESOLVED, that a copy of this resolution be transmitted to the President of the United States, the Vice- President of the United States, members of the U.S. Congress, and other federal and state officials as appropriate.

SPONSOR: Senator Donne Trotter (IL)

Committee of Jurisdiction: Health and Human Services Policy Committee

Certified by Committee Chair(s): Representative John Richard C. King (SC) and Representative Toni Rose (TX)

Ratified in Plenary Session: Ratification Date is December 2, 2017

Ratification is certified by: Representative Gregory W. Porter (IN), President