

HEALTH AND HUMAN SERVICES

Resolution HHS-19-37

A RESOLUTION TO ENSURE THE USE OF APPROPRIATELY SAFEGUARDED VALUE FRAMEWORKS IN HEALTHCARE

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

WHEREAS, according to the Centers for Medicaid and Medicare Services, in 2016, Hospital Care accounted for 32 percent of national health expenditures, Physician and Clinical Services accounted for 20 percent of national health expenditures, and pharmaceutical accounted for 10 percent of national health care expenditures;

WHEREAS, Americans spends less on prescription drugs as a percentage of overall health care spending than the majority of developed nations;

WHEREAS, many health conditions from mental health to cancer are ripe for development of more effective drug therapies, 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, stakeholders across the healthcare ecosystem are looking for new ways to define and estimate the value of health care interventions – especially medicines – as payment models shift from volume to value;

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;

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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;

WHEREAS, in determining the quality of an outcome, different stakeholders, such as patients and insurers, view the effectiveness of medicines differently;

WHEREAS, well-designed value frameworks that recognize the total value that a medicine brings to patients, caregivers and society, over the long-term can facilitate informed, shared decision-making and improve the quality and efficiency of the health care system;

WHEREAS, there are no set criteria for determining the value of medicines, therefore, frameworks often use entirely different factors when determining a treatment's value;

WHEREAS, "value frameworks" have emerged in the United States as a direct response to the shift towards value-based payment models;

WHEREAS, the stated purpose of value frameworks is to combine clinical and economic analyses to evaluate whether the benefits of medications align with their cost, different stakeholders, such as patients and insurers, view the effectiveness of medicines differently;

WHEREAS, well-designed value frameworks that recognize the total value that a medicine brings to patients, caregivers and society, over the long-term can facilitate informed, shared decision-making and improve the quality and efficiency of the health care system;

WHEREAS, there are multiple criteria for determining the value of medicines, therefore, frameworks often use entirely different factors when determining a treatment's value;

WHEREAS, value frameworks should recognize that the patient is the ultimate stakeholder in the health care system or that a treatment's benefits changes over time and therefore must consider value from both a short- and long-term perspective;

WHEREAS, certain value frameworks determine a drug's value by estimating the value of human life using a metric known as cost per quality-adjusted life year (QALY), which measure the amount of time patients live after receiving treatment and the quality of the patient's health during that treatment;

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WHEREAS, the use of the QALY-based frameworks is specifically prohibited by federal legislation for establishing what type of health care is cost effective or recommended, including for Medicare coverage decisions; and

WHEREAS, while correctly structured 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 appropriately safeguarded value-based payment arrangements.

THEREFORE BE IT RESOLVED, that the National Black Caucus of State Legislators (NBCSL) urges states or insurers to consider value frameworks to make clinical or coverage decisions, in addition to the data provided by QALY-based frameworks;

BE IT FURTHER RESOLVED, that the NBCSL encourages the appropriate use of value frameworks that lower health care cost and improve health outcomes for patients, as guidance for therapies and insurance coverage, instead of being the sole dictator;

BE IT FURTHER RESOLVED, that the NBCSL supports incorporating the patient voice in evaluating a treatment's value, considering not only data from clinical trials but also the patient experience including the impact of an intervention on their quality of life, the convenience of intervention, and its impact on overall well-being;

BE IT FURTHER RESOLVED, that the NBCSL recommends that value frameworks appropriately weigh the clinical, economic and societal benefit that a medicine provides;

BE IT FURTHER RESOLVED, that the NBCSL recommends that value frameworks reflect perspectives from all relevant stakeholders through a transparent public review and commentary process;

BE IT FURTHER RESOLVED, that the NBCSL opposes value frameworks or value-based arrangements that lack any of the patient, caregiver, social, participatory and transparency safeguards and protections outlined in this Resolution, underscoring that other frameworks, such as QALY-based frameworks, should not be used by states or insurers as the sole or dominant tool used to make clinical or coverage decisions, particularly pricing, co-pay, deductible or other payment determinations; and

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BE IT FINALLY RESOLVED, that the NBCSL send a copy of this resolution to the President of the United States, the Vice President of the United States, members of Congress, and other federal and state government officials as appropriate.

SPONSOR(S): Representative Barbara Ballard (KS) and Representative Calvin Smyre (GA)

Committee of Jurisdiction: Health and Human Services Policy Committee

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

Ratified in Plenary Session: Ratification Date is November 30, 2018

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