

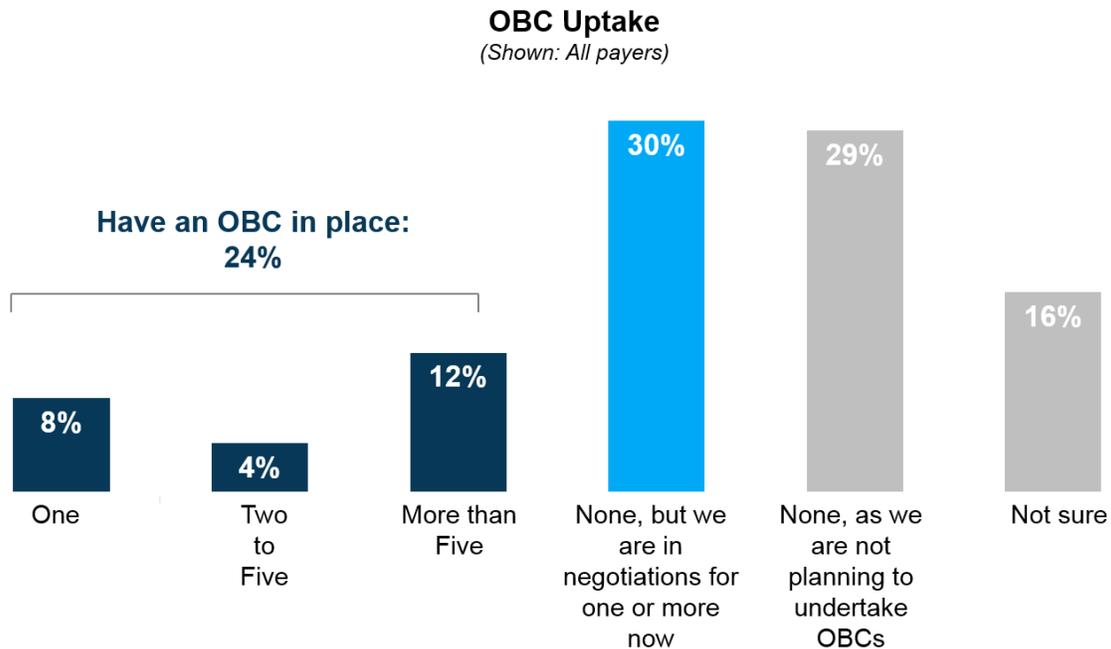
## HEALTH PLANS ARE ACTIVELY EXPLORING OUTCOMES-BASED CONTRACTS

*Avalere experts say use of outcomes-based contracts could further goals to improve patient outcomes and manage drug costs*

A new survey from Avalere finds that a majority of health plans have favorable attitudes toward outcomes-based contracts (OBCs) and many are actively pursuing them. Outcomes-based contracts are agreements between health plans and manufacturers that tie product reimbursement to patient outcomes. While the health plans surveyed recognize the operational challenges associated with outcomes-based contracts, they have broadly positive opinions about the value of deploying these contracts within their organizations.

In a 2017 survey of health plans conducted by Avalere, 70 percent of health plans report they have favorable attitudes toward OBCs. One-quarter of the health plans surveyed say they have at least one OBC in place (see Figure 1). Another 30 percent report they are negotiating for one or more OBCs now. Among payers with OBCs in place, most indicate they plan to pursue more.

**Figure 1. Outcomes-Based Contract Uptake**



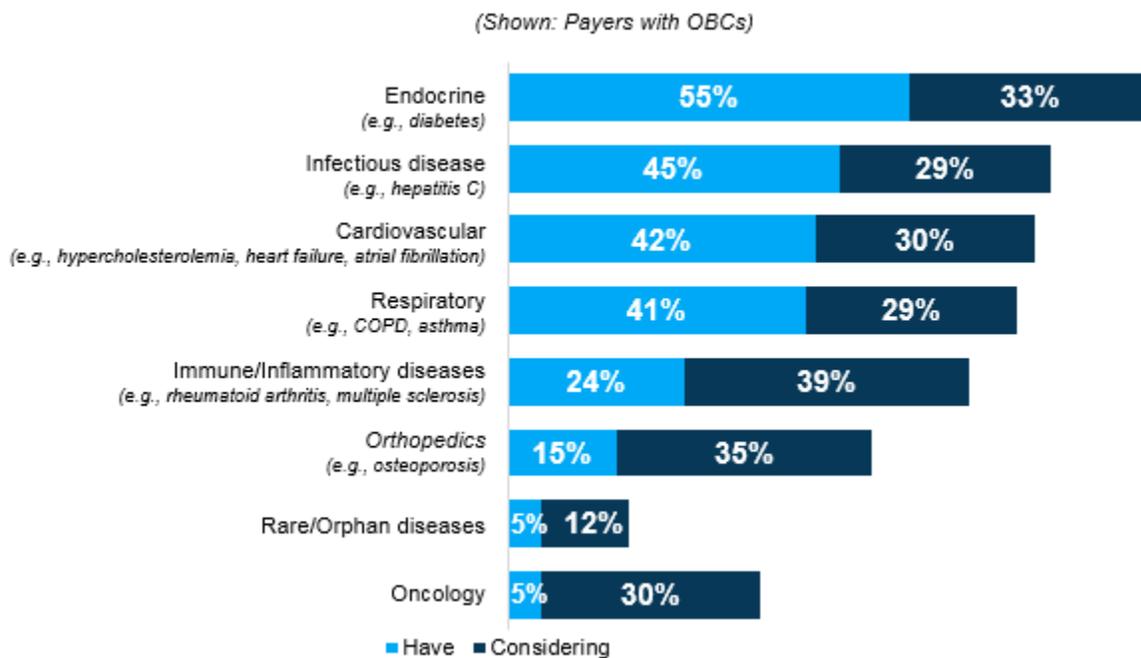
“Health plans, providers, and patients demand innovative, data-based methods to improve outcomes and manage cost,” said Dan Mendelson, president at Avalere. “Outcomes-based



contracts offer the opportunity to deploy data, analytics, and interventions to deliver on these goals for pharmaceuticals – particularly to better integrate therapy into medical management.”

As the shift to value-based care continues, according to experts at Avalere, the reach of innovative arrangements like OBCs is becoming broader. Today, most OBCs in place by the survey respondents address four common therapeutic areas – endocrine, infectious disease, cardiovascular, and respiratory conditions – but payers indicate they are interested in expanding OBCs within these areas and to new therapeutic areas, like immune/inflammatory diseases (see Figure 2).

**Figure 2. Therapeutic Areas of OBCs**



“While some plans have experienced administrative and operational challenges in implementing outcomes-based contracts, most are figuring out ways to benefit from these types of contracts in multiple therapeutic areas,” said Kathy Hughes, vice president at Avalere. “Solutions in data connectivity, contract monitoring, and direct clinician intervention streamline the administrative burden and enable transparency for all parties.”

On Wednesday, June 7 at 1 pm EST, Avalere will be hosting a live webinar, “Outcomes-Based Contracting: Master the Challenges.” You can register [here](#).

For Policy 360 Members Only: [Read Avalere’s Full Analysis](#)



## Methodology

Avalere surveyed United States-based health plans between April 11, 2017 and May 1, 2017 using an online platform for collecting survey response. Respondents were recruited from a robust panel of private health plan personnel and then screened to determine eligibility to participate, requiring that they be a medical director, pharmacy director, or have a similar role. They were also required to be a decision maker or influencer in their health plan. A total of 50 qualified representatives participated in the survey, representing 45 different health plans. Health plans included in the study represent 183 million of the covered lives in the United States, including Medicare Advantage and Medicaid managed care lives. All survey participants were shown the same definition of OBCs for purposes of completing the survey: “A plan by which the performance of the product is tracked in a defined patient population over a specified period of time and the level of reimbursement is based on the health and cost outcomes achieved.”

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Avalere Health, an Inovalon Company, is a strategic advisory company whose core purpose is to create innovative solutions to complex healthcare problems. Based in Washington, D.C., the firm delivers actionable insights, product solutions and custom analytics for leaders in healthcare business and policy. Avalere's experts span 230 staff drawn from Fortune 500 healthcare companies, the federal government (e.g., CMS, OMB, CBO and the Congress), top consultancies and nonprofits. The firm offers deep substance on the full range of healthcare business issues affecting the Fortune 500 healthcare companies. Avalere's focus on strategy is supported by a rigorous, in-house analytic research group that uses public and private data to generate quantitative insight. Through events, publications and interactive programs, Avalere insights are accessible to a broad range of customers. For more information, visit [avalere.com](http://avalere.com), or follow us on Twitter @avalerehealth.

