P R E S I D E N T ' S C A N C E R P A N E L

NATIONAL CANCER PROGRAM

Pricing and Payment Strategies for Cancer Drugs: Maximizing Patients' Access to Beneficial Therapies

March 27, 2017

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Emerging cancer therapies—including targeted therapies, immunotherapies, and combination therapies—are creating opportunities for more effective, potentially curative, treatments. However, these drugs often come at substantial cost, contributing to patients' financial toxicity and straining system-wide healthcare resources. The President's Cancer Panel is focusing on these issues in its 2016–2017 series of meetings, *Ensuring Patients' Access to High-Value Cancer Drugs*.

The third and final workshop in the Panel series—held on March 27, 2017, in Philadelphia, Pennsylvania—convened experts in drug pricing and payment from the biopharmaceutical industry, insurance companies, healthcare organizations, and professional oncology organizations, along with patients and patient advocates, health economists, and other academic researchers. Participants reviewed key factors that affect pricing of and payment for cancer drug therapies, discussed what constitutes value in the context of cancer treatment, and proposed potential recommendations to maximize patients' access to high-value cancer drugs while continuing to promote innovation in cancer drug development.

In the United States, drugs are purchased not by users and beneficiaries—namely, patients—but by third-party payers that often have limited leverage in price negotiations. Medicare is legislatively mandated to pay for all cancer drugs approved by the U.S. Food and Drug Administration (FDA), and many states require private payers to cover the costs of all or most cancer drugs. Further, patients often do not have all the information they need to make informed decisions about treatment.

Workshop participants discussed potential strategies for increasing patients' access to high-value cancer drugs. Competition would increase and prices may decrease if generic drugs and biosimilars were brought to market more quickly. Some participants supported revisiting coverage mandates to make it easier for payers to negotiate prices, or, in some cases, withhold coverage based on a drug's value (as occurs in some other countries, e.g., England). Benefit plans and payment models could be structured to promote utilization of high-value treatments (e.g., eliminate copays for highly effective drugs, increase copays for less effective drugs, reduce physician incentives to prescribe expensive drugs when less costly/similarly efficacious alternatives are available). Participants acknowledged the many challenges in defining value. The many stakeholders in this area—patients, physicians, payers, pharmaceutical companies—have different, and sometimes competing, priorities. Convening these stakeholders and encouraging open dialogue could assist in developing a shared framework for assessing value. Safe harbor policies that allow pharmaceutical companies and payers to discuss value and price during drug development also may be beneficial.

Participants agreed that strategies must be developed to reduce the burden of drug costs for patients. For example, caps on out-of-pocket expenses and other benefit designs that protect patients could be considered. Clear communication between patients and physicians about treatment goals and the expected outcomes of various treatment options is critical. These interactions could be facilitated by decision support tools that include information about costs in addition to treatment efficacy and side effects. Patients and physicians need access to more information about costs and potential clinical outcomes to enable informed decision making; payers—including Medicare—are potential sources for real-world data on patient outcomes.

The President's Cancer Panel will consider input and proposed recommendations from this workshop and previous workshops in this series. The Panel's recommendations for ensuring patients' access to high-value cancer drugs will be presented in its 2017 Report to the President of the United States.

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