Value-based health care in Europe

Collaborating for a healthy future

Stefan Kapferer,
Deputy Secretary General, OECD
• Health spending is too often low-value and its growth threatens sustainability of health systems

• Urgent reform is needed:

1. We need to better reward performance, not quantity and low-value
2. We need to develop better data, and use real world evidence to reward value
3. We need to develop better collaboration
4. We need to incorporate the views of patients
Health spending is too often low-value and its growth threatens health systems sustainability.
Despite a recent slowdown, health spending will continue to rise.

Public health spending as % of GDP without effective cost containment

Source: De La Maisonneuve and Martins (2013)
Nearly one third of total health expenditure in Australia could be deemed wasteful (2015);
A conservative estimate put this proportion at 20% of total expenditure in the USA, with an upper bound nearing 50% (2012);
In the Netherlands, 20% of the budget for acute care could be saved by reducing overutilization and increasing integration of care (2012);

Mounting evidence that a significant share of health spending could be put to better use

What type of waste?

Clinical: Are we producing the right care?
- Medical errors
- Low-value care

Operational: Can we produce the same quantity and quality at lower costs
- Productive efficiency

Health system level cost drivers
- Fraud & corruption
- Administrative costs
1. Reward performance, not quantity and low-value
Countries are increasingly using HTA to pay for value

**Number of countries using HTA for coverage decisions, by type of technology**

- Systematic HTA for coverage decisions
- Occasional HTA for coverage decisions
- Use of HTA for price or reimbursement level

<table>
<thead>
<tr>
<th>Category</th>
<th>Systematic HTA</th>
<th>Occasional HTA</th>
<th>Use of HTA</th>
</tr>
</thead>
<tbody>
<tr>
<td>New medicines</td>
<td>19</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>New procedures</td>
<td>9</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>New medical device</td>
<td>8</td>
<td>15</td>
<td>4</td>
</tr>
</tbody>
</table>
High prices of medicines do not always reflect high benefits for patients

Price per life year gained for U.S. oncology approvals 1996-2014

Source: Howard et al., NBER 2015
Payers are increasingly adjusting providers payment to quality and efficiency of care

- Improve coordination
- Improve quality of care
- Improve productive efficiency

Add-on payment to main remuneration

Full remuneration for a bundle of services
2. Develop better data, and use real world evidence to improve value
Collection of real world evidence needs to develop to improve value
<table>
<thead>
<tr>
<th>Develop <strong>managed entry agreements</strong> where relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect <strong>routine data</strong> on patients’ pathways</td>
</tr>
<tr>
<td><strong>Use these data</strong> to compare effectiveness and cost-effectiveness of treatments</td>
</tr>
<tr>
<td>Ensure that RWE <strong>impacts health care delivery and related payments</strong></td>
</tr>
</tbody>
</table>
3. Improve the environment for innovation through better collaboration
Improving the environment for innovation

- Stronger Public Private Partnerships
- Modernising regulatory pathways
- Open Science for greater International Collaboration
- Big Data
4. Incorporate the views of patients
We need more, different data. For example, we don’t know...

To what extent are patients in pain after hip surgery?

What is the health-related quality of life for people receiving cancer treatment?

Can patients live independently after a stroke?

How well can people with a mental health condition live independently in the community after hospital discharge?
Conclusions

- Need to ensure that health systems deliver value for patients and societies
- Need to « pay for value »
- Need to monitor treatments safety and effectiveness in real life
- Need to improve the environment for innovation through collaboration
- Need to better understand what « value » is from the patient perspective