

**Health Care Cabinet
Pharmacy Pricing Working Group
Agenda & Notice of Meeting**

Friday, September 15, 2017 10:00 AM –11:30 PM

Office of the State Comptroller 55 Elm St. Hartford CT - 3rd Floor Conf. Rm. F

For remote access join using this link: <https://zoom.us/j/727249552>

Call in number: 1 408 638 0968

Meeting ID: 727 249 552

Good morning. My name is Audra Edele and I am the Director, Contract Development for Boehringer Ingelheim Pharmaceuticals Inc.

Boehringer Ingelheim (BI) is a privately-held company committed to the discovery, development manufacture and marketing of innovative health care products. BI established its headquarters in Ridgefield, Connecticut in 1978. Boehringer Ingelheim is the State's largest U.S .headquartered biopharmaceutical company with some 2,500 employees in Connecticut.

Our goal at Boehringer Ingelheim is that no patient be denied access to our medicines because of cost and we are committed to doing the right thing for our patients, many of whom suffer from multiple chronic conditions.

- An area of increased focus for Boehringer Ingelheim is the development of innovative value-based access programs and contracts that will ensure we are delivering on our promise to our patients and customers to deliver strong clinical outcomes which will help reduce overall healthcare costs.
- Traditional Contracts call for flat rebates for access. We refer to any non-traditional contracts as Value-Based Contracts. You may also hear these contracts referred to as Outcomes-based contracts or Innovative contracts.
- Value-Based Contracts are unique and can include contracts that track various metrics such as:
 - Clinical performance measures, like reduction in HbA1c
 - Drug Augmentation/Intensification: how long a patient is on medication before switching or adding another therapy in the same therapeutic category
 - Cost of care: guarantee total patient cost of care reduction (“aggregate medical and pharmaceutical costs lower as result of drug usage”)
 - Guaranteed reimbursement for early treatment failure: used in oncology
 - Hospital Re-Admission rates
- As BI moves further into the Value-Based Contracting space it is important to point out that there are a very limited number of payers and pharmacy benefit managers (PBMs) that are able to implement these types of contracts. This is due to a number of execution challenges for both manufacturers and payers:

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- Difficulty directly linking product to outcomes and complexity in measuring outcomes
 - Understanding the data is key to developing a meaningful outcomes contract
 - Data availability, accuracy, and level of detail are among the factors considered in contract development
 - Data may be able to measure the performance of some drugs, but not all drugs
 - Generally, PBMs do not have readily available access to medical claims
 - Long processes and complex structures – agreeing on methodology and contract terms take time. Both parties want to maximize the value and minimize the risk to their respective organizations. Collaboration and flexibility between payers and manufacturers has led to more timely and meaningful agreements
 - Additionally, all contracts go through rigorous reviews to ensure compliance within a complex legal framework (anti-kickback, gov't price reporting, patient privacy, etc). The level of support needed from our Legal teams in this area is not insignificant.
 - Rigidity in contract type or time frame - most companies measure results a year at a time. Chronic preventive drugs lower medical costs over a longer, sustained period of time. In other words, a cost/benefit may be difficult to achieve in a short 12 month timeframe.
 - Lack of support with contract execution – Contract execution and measurement often will require dedicated resources to extrapolate, mine, match and ultimately understand the results. Resourcing and prioritizing these initiatives for both manufacturers and payers have been particularly challenging, given everyone has a day job. At BI, we are dedicated to pushing these efforts forward and have built these goals and capabilities into our organizational structure.
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- We have already entered into multiple value-based contracts with health plans of various types, for example, that tie the level of rebates we will pay for one of our medicines to ensuring that the plan's total healthcare costs for that specific disease state are reduced below certain targets. What we're really excited about though are the numerous other innovative contracts we're pursuing that will directly tie the net price we can receive from the insurer to how well our product performs clinically, beyond just the cost trend. This demonstrates BI's willingness to put our money where our mouth is and put the patient at the forefront of all we do.
 - Over the last two years the market has accelerated and will continue to evolve as providers, payers, and manufacturers look for ways to improve the patient experience. Also, integrated electronic health systems will enable payers and providers to bridge patient information across channels to analyze outcomes.
 - Thank you for the opportunity to speak to you today. We would welcome the opportunity for further dialogue and to work collaboratively with you to continue developing meaningful, value based solutions to ensure greater patient access to innovative medications in a cost effective manner.
 - I'm happy to address any questions.