

Request for Information on Value-Based Contracting

Throughout the Diabetes Caucus insulin inquiry, multiple stakeholders have argued that value-based contracting holds promise for lowering the cost burden of insulin for patients and the health system. Value-based contracting is an umbrella term, encompassing a number of different possible payment arrangements where reimbursement is tied to the achievement of certain pre-set goals. For example, these arrangements could reimburse for drugs based on patient outcomes or a drug's efficacy on different indications. They could also limit costs to a negotiated threshold or focus on a specific subset of patients.

Interest in value-based contracts for pharmaceuticals has grown in recent years. A [recent survey from Avalere](#) found that one in four health plans now have at least one outcomes-based contract with a pharmaceutical company. For example, Harvard-Pilgrim, a Boston-based health plan, has a value-based contract with Eli Lilly for Trulicity, a once-weekly injection for Type 2 diabetes.¹ Under the contract, Harvard Pilgrim pays Eli Lilly a lower price for Trulicity if its enrollees have better outcomes on a competitor's diabetes drugs.

Diabetes Caucus Co-Chairs Tom Reed (R-NY) and Diana DeGette (D-CO) would like to learn more about how value-based contracting could work in the context of insulin and whether this is a policy area worth exploring to help make insulin more affordable. With that in mind, the Diabetes Caucus invites stakeholders to submit information about value-based contracts. A list of questions is provided below, but stakeholders can submit any information they believe would be helpful.

Questions

1. How does your organization define “value-based contracts”?
2. Please describe how value-based contracting might work in the context of insulin. You can provide examples of current contracts or hypothetical future contracts.
3. How common are value-based contracts for insulin?
4. Please describe any regulatory or statutory barriers to value-based contracting for insulin.
5. Please describe any operational or administrative barriers to value-based contracting for insulin.
6. To what extent is value-based contracting for pharmaceuticals being tested in government health care programs?

Please submit your responses to Insulin.Inquiry@mail.house.gov by December 15, 2017.

¹ Trulicity is a GLP-1 agonist, not an insulin product.