VA Perspectives on Multi-modal Therapies

National Academies Forum on Neuroscience

Steven D. Pizer, PhD
Partnered Evidence-based Policy Resource Center

June, 2016

QUERI
VA Quality Enhancement Research Initiative

PEPReC
Partnered Evidence-based Policy Resource Center

VA HEALTH CARE Defining EXCELLENCE in the 21st Century

Objectives

PEPReC
Partnered Evidence-based Policy Resource Center

- Who am I?
- Quick overview of VHA
- The centralized model: VHA pharmacy cost management
- The decentralized model: VHA device cost management

Who Am I?

PEPReC

Partnered Evidence-based Policy Resource Center

- Chief Economist for PEPReC
- PEPReC is new VA resource center to provide timely, rigorous data analysis
- Core Mission 1: Collaborate with VA operations partners to
  - Accurately forecast the demand for VA care
  - Efficiently deploy resources where they are most needed
  - Monitor performance, including access to care
  - Make sound decisions about major new investments
- Core Mission 2: Collaborate with operations partners and researchers to design and implement randomized program evaluations

VHA: Quick Overview

PEPReC
Partnered Evidence-based Policy Resource Center

- Staff Model HMO
  - Comprehensive health care system
  - Direct provider of care
  - Providers are employees
  - Own and operate infrastructure
  - Prescription drug benefit is integrated
- Facilities
  - 152 hospitals
  - 990 clinics (821 CBOCs)

Source: C. Bernie Good & Mike Valentino, VA Pharmacy Benefits Management

VHA Statistics

PEPReC
Partnered Evidence-based Policy Resource Center

- VA Care- 2014
  - 22.7 million total (8% women)
  - 8.763 million enrollees
  - 6.333 million patients treated
  - 4.787 million pharmacy users
  - 271 million outpatient Rxes (30-day Eqv)
    - 85% via mail order
    - 15% via local facility pharmacies

Source: C. Bernie Good & Mike Valentino, VA Pharmacy Benefits Management

The Centralized Model: VA Pharmacy Cost Management

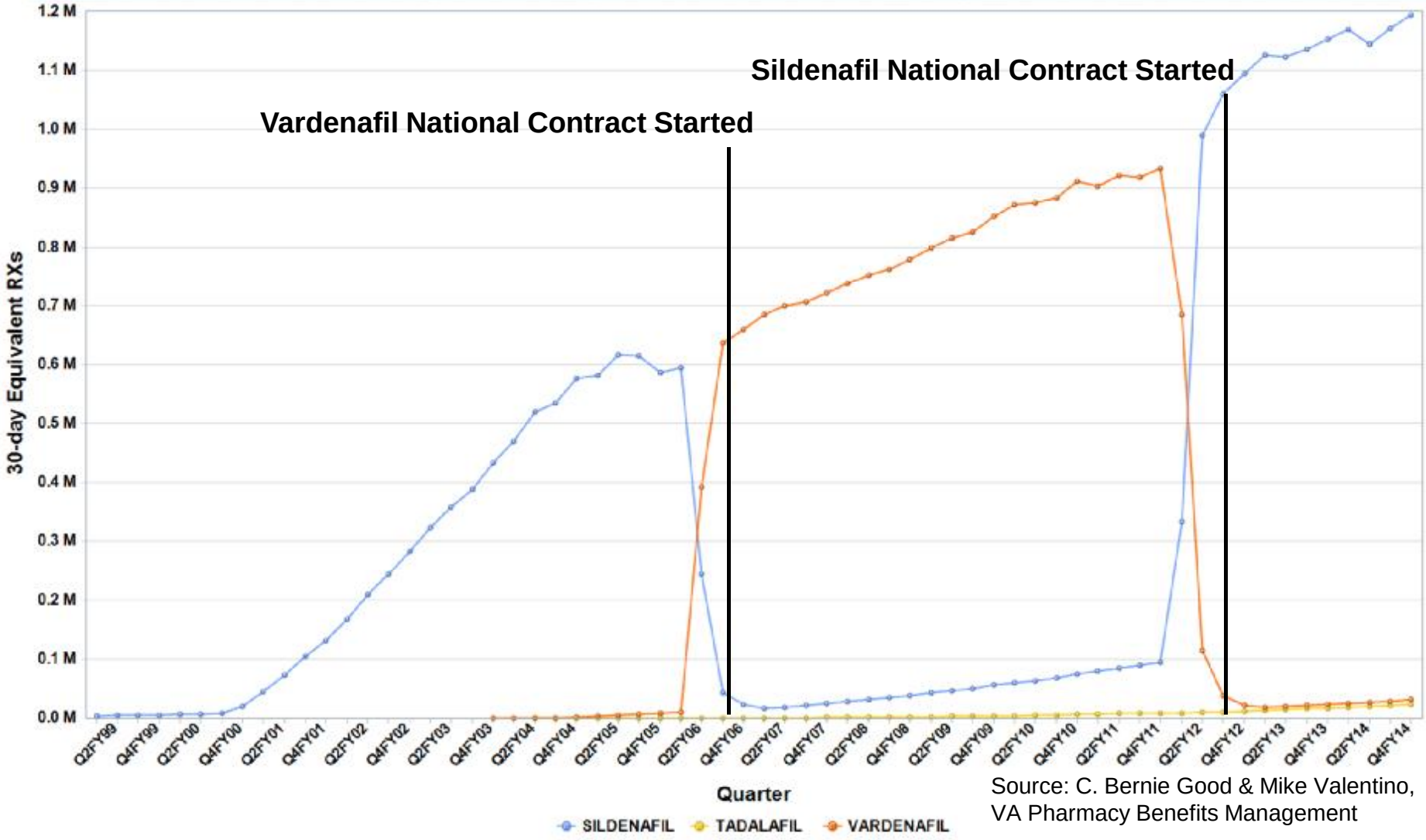
PEPReC
Partnered Evidence-based Policy Resource Center

- Promote formulary decisions that are evidenced-based, not preference-based
  - Preference to clinically relevant outcomes, not surrogates
- Promote appropriate drug therapy and discourage inappropriate drug therapy
- Reduce the geographic variability in utilization of pharmaceuticals across the VA system
- Promote portability and uniformity of the drug benefit
- Consider value of pharmaceutical benefits

Source: C. Bernie Good & Mike Valentino, VA Pharmacy Benefits Management

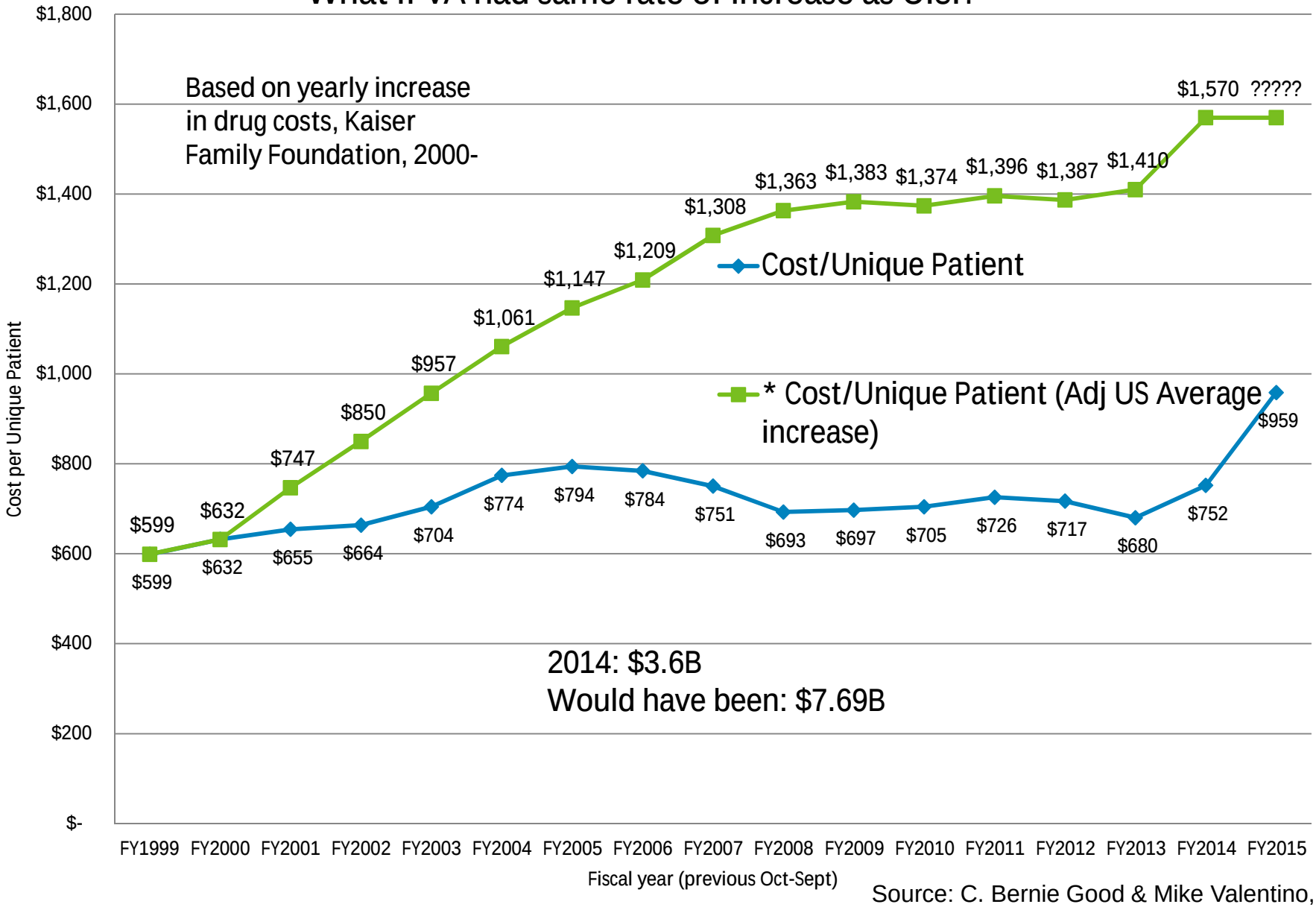
VA Pharmacy Contracting, and Market Share Changes

PEPReC
Partnered Evidence-based Policy Resource Center



Source: C. Bernie Good & Mike Valentino, VA Pharmacy Benefits Management

Impact of Control in Pharmacy Spending in VA
What if VA had same rate of increase as U.S.?



Source: C. Bernie Good & Mike Valentino, VA Pharmacy Benefits Management

The Decentralized Model: VA Device Cost Management

PEPReC
Partnered Evidence-based Policy Resource Center

- Device acquisition decisions made locally
- No uniform evidence-based criteria for use
- Safety and value not uniformly assessed
- Access to new technology is dependent on local managers and budgets
- Bargaining power is diffuse
- Minimal savings relative to other payors

Prospects for Adoption of Multi-modal Therapies

PEPReC
Partnered Evidence-based Policy Resource Center

- If therapy includes pharmaceuticals, management could be through central contracts and formulary
- Show safety and efficacy
- Demonstrate value relative to best alternative therapies
  - Choice of relevant alternatives
  - Need power to detect incremental benefit
  - Primary data analysis preferred to simulation
  - Identify sub-populations with greatest incremental benefit
- Budgets are not necessarily fixed; if treatment is good enough, we can go back to Congress (e.g., Hep C)

Take-Away Points

PEPReC
Partnered Evidence-based Policy Resource Center

- Disadvantage of centralized approach
  - Resources required to manage it
  - More hurdles to market

- Advantages of centralized approach
  - Optimal targeting of resources
  - Potential for large scale change in clinical practice and access to care