Strategies and Barriers to Affordability

Kathy Donneson, Chief, Health Plan Administration Division, CalPERS
Value-Based Insurance Design
Site of Care Strategies
Strategies for Rx Affordability
Barriers to Affordability
Value-Based Insurance Design
Personal Physician Model

Lower Copay: $10 vs. $35

1. Provides a place where health problems can be treated
2. Guides patients through the health system
3. Facilitates ongoing relationship
4. Opportunity for disease prevention
5. Builds bridges between patients and health care providers
Barriers to Rx Affordability

- **Tiers**
  - Numerical tiers
  - Formulary
    - Open
    - Customized
    - Closed
    - Excluded

- **Medical Rx**
  - No common codes, wide variation in cost by site

- **Pipeline**
  - New drugs to market and direct to consumer ads

- **Pricing**
  - Complicated pricing models
Way to Make Prescription Drugs More Affordable

- Educate prescribers on costs
- Unified purchasing
- Reference pricing by therapeutic class
- Negotiate superior specialty drug pricing
- Direct value-based contracting
Reference Pricing Expansion