

# Paying for Patient Care

Understanding the Costs and Benefits

## NOW and LATER

**Patients switch insurance plans over their lifetime.**

The insurer that pays for treatments **TODAY** may not see the cost benefits of better health **LATER**.



This **GAP** between upfront costs and long-term savings may mean insurers are **NOT INCENTIVIZED** to cover transformative but expensive treatments for patients.



### SHOW ME

Researchers compared the short-term vs. long-term costs of care, including:

- Upfront costs of expensive, but transformative new **TREATMENTS**
- Downstream cost savings of reduced **HEALTH BURDEN** and avoided care, like hospitalization, caregiving and more.

#### CONDITION Hepatitis C

##### HEALTH BURDEN

Cirrhosis, liver cancer, liver transplants



##### TREATMENT

One-time medication to CURE

##### WHICH INSURERS PAY FIRST?

Commercial plan, Medicaid

##### HOW MUCH?

\$15k

##### WHICH INSURER SAVES LATER?

Medicare

##### HOW MUCH DO THEY SAVE?

\$3k mainly by avoiding transplant

#### CONDITION Beta-Thalassemia (Rare Childhood Disease)

##### HEALTH BURDEN

Chronic iron overload management, cardiovascular disease



##### TREATMENT

One-time gene therapy to CURE

##### WHICH INSURER PAYS FIRST?

Medicaid

##### HOW MUCH?

\$284k

##### WHICH INSURER SAVES LATER?

Commercial plan

##### HOW MUCH DO THEY SAVE?

\$121k by avoiding transfusion

#### CONDITION Alzheimer's Disease

##### HEALTH BURDEN

Elder care, lost quality of life



##### TREATMENT

Ongoing medication to SLOW disease

##### WHICH INSURER PAYS FIRST?

Medicare

##### HOW MUCH?

\$96k

##### WHICH INSURER SAVES LATER?

Medicaid

##### HOW MUCH DO THEY SAVE?

\$30k by avoiding long-term care costs

### WHY CLOSE THESE GAPS?

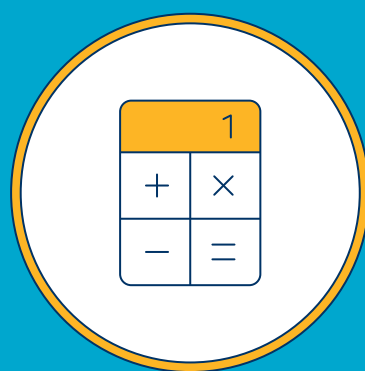
New reimbursement approaches for transformative treatments can help ensure:



**APPROPRIATE**  
patient access



**ECONOMIC INCENTIVES**  
for future development



**SUSTAINABLE ECONOMICS**  
for insurers that pay for expensive but cost-effective therapies

### HOW CAN GAPS BE CLOSED?

Potential novel solutions:



**STRENGTHEN RISK-SHARING MECHANISMS**  
Refining and expanding existing approaches can help lower financial risk for insurers



**DEVELOP ALTERNATIVE FINANCING MECHANISMS**  
Can include outcomes-based contracting that ties payments to treatment impact



**UPDATE PRICING REGULATIONS**  
Regulations rooted in old approaches can be a barrier to new solutions