Paying for what works: outcomes-based reimbursement as a new model to meet the affordability challenge

Education & Awareness

Novartis CEO, Joe Jimenez, has set a clear vision for the role he believes the pharmaceutical industry has to play in re-thinking how health systems judge the value of medicines. Speaking at the World Economic Forum, in Davos in January this year, he said: “The pharmaceutical industry needs to work harder to show its value, particularly for the patients who rely on our medicines, the healthcare professionals who prescribe them, and the investors and governments who fund them. We want to be rewarded for the tangible outcomes our products provide patients, not for simply selling pills.”

At Novartis, we are exploring ways to better align the prices we charge for our medicines with value. Moving toward a system that is focused on the value a medicine delivers would be a fundamental change in how we do business. It is also higher risk for the pharmaceutical industry to be paid based on outcomes, rather than on the number of pills sold.

A new report, commissioned by Novartis, looks at how changing the way that the NHS pays for medicines could deliver better outcomes for patients.

The Outcomes-based reimbursement of medicines report, written by the Social Market Foundation, argues that the NHS should pay pharmaceutical companies for medicines based on patient benefit. The report describes how the NHS could successfully bring new medicines and therapies to patients, and remain financially sustainable by paying only for what works.

Clearly, in introducing such a scheme, there are design challenges to overcome. However, using real-world data to inform the price of medicines, along with greater regulatory guidance, are key in working towards a more sustainable way of providing tangible benefits, not only to the health economy, but in solving access issues for patients who desperately need new, innovative treatments.

The good news is that the NHS has started to support the approach – in principle for now: “We have got to use the new commercial negotiating flexibilities that NHS England has been granted… to construct win-win agreements with manufacturers of innovative medicines, especially where it is not completely certain what the medium term impact of the drug will be”, says Simon Stevens, NHS England Chief Executive. Our hope at Novartis is that we can work with the NHS to get our medicines to patients more efficiently by using this approach.

The full report can be read here.
We know that our health system is incredibly stretched. The NHS is being asked to do more with less funding, and patients are, rightly, demanding swift access to the effective, innovative treatments, they deserve. We are working in partnership with the medical and patient communities to bring our science-based innovation and pioneering approach to deliver novel treatments to more people when they need them.

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