AN ECONOMIC MODEL FOR COOPERATION BETWEEN A NOT-FOR-PROFIT HMO AND A PHARMACEUTICAL COMPANY IN A DISEASE MANAGEMENT PROGRAM: TRANSFORMING CONFLICT OF INTERESTS INTO UTILITY MAXIMIZATION

Shavit O1, Raz M2, Chen M3, Blay A3, Friedman N2, Hoffman A1

1Hebrew University of Jerusalem, Jerusalem, Israel; 2Maccabi Healthcare Services, Tel-Aviv, Israel; 3Teva Pharmaceutical Industries, Netanya, Israel

OBJECTIVES: When we come to examine the possibility of cooperation between a pharmaceutical company and a not-for-profit HMO for a clinical project, the conflict of interests appears too obvious and substantial. A less restrictive view might illuminate the possibility of using each body’s relative advantages, channeling them towards a common goal (using a proper contract), and thus maximizing each firm’s utility as well as society’s. The objective of this work was to examine the ability of implementing such cooperation, and its outcomes.

METHODS: “Teva Pharmaceutical Industries LTD” and “Maccabi Healthcare Services” cooperated in an asthma disease management program in Israel. In order to overcome conceptual obstacles, the firms’ managements had a three-day workshop, organized by a neutral professional company. The two managements became familiar with each other, learnt about each firm’s structure, capabilities and relative advantages, learnt about possible cooperation contracts and gained the will to examine a cooperative disease management program. The contract between Teva and Maccabi ensured that neither firm’s interests would be jeopardized and that each firm’s resources would be rationally allocated in order to improve asthma treatment and overcome problems such as supply-induced demand and cream skimming.

RESULTS: Clinical parameters of asthma treatment were improved. Preventive treatment with steroids inhalers was increased (from 25% of prescriptions to 33%), and numbers of visits to the ER and hospitalizations were decreased (from 89 and 75 annually to 56 and 55 respectively). Average total cost per patient was reduced from 3365 NIS annually to 3182 NIS. Patients and physicians, as well as managements, expressed great satisfaction with the program. CONCLUSIONS: Cooperation between a pharmaceutical company and a not-for-profit HMO is beneficial. It is another step towards horizontal integration required for a higher quality managed care system. Such cooperation could yield greater utility to each firm and to society.

RISK SHARING IN A STATE FUNDED HEALTH SERVICE: OUTCOMES GUARANTEE PROJECT

Chapman SR, Reeve E

Keele University, Newcastle under Lyme, Staffordshire, United Kingdom

OBJECTIVES: State funded healthcare systems, such as the UK, tend to be cautious with the diffusion of new drugs for fear of financial pressures. One way of controlling diffusion, whilst maximising the benefits for patients, is to set up an outcome guarantee. This presentation describes a case study using lipid lowering drugs, recently completed. METHODS: The key stakeholders were identified and each declared their interest on an agreed matrix. This formed the basis of an outcome guarantee contract. Near patient testing and audit nurses were used to identify at risk patients and enter them into an agreed care pathway. Patients were given lifestyle advice, re-tested and monitored every 3 months throughout the 18 months of the project. Results of treatment with lipid lowering drugs were measured against their claimed benefits and adjusted for concordance. If the drug underperformed, according to agreed criteria, the pharmaceutical company agreed to refund the cost of those drugs.

RESULTS: The concept was readily accepted by the stakeholders. Two thousand at risk patients were identified from one primary care trust, of which 1,400 were eligible to enter the outcome guarantee. 600 patients to-date have completed the project and final results are due in July. Of those who have completed the project, the majority have reached target level and no refund has been due. A qualitative evaluation of the stakeholders is currently under way and will be reporting in August 2002. CONCLUSIONS: An outcome guarantee is an acceptable way for a nationally funded health service to partner a pharmaceutical company for optimal diffusion of drugs likely to benefit a patient population. The model has potential for replication in other therapeutic areas and other healthcare systems.

WITHDRAWN