



Takeda's Position on Value-based Health Care

Summary

Today's health systems are under tremendous strain because they are outdated and inefficient. In the many decades since these systems were designed, populations have aged and the range of treatment options has expanded vastly. This has made them ever more costly and complex for payers to run and frustrating for health care professionals and patients to use. The COVID pandemic has exacerbated the underlying crisis.

Takeda believes health systems should urgently shift away from the traditional fee-for-service approach toward a value-based health care model. Value-based health care rewards health care providers for achieving better outcomes for patients per monetary unit spent. With value-based health care, patients benefit from a system set up around delivering better health outcomes for them and this focus brings more efficiency. The efficiency can be used to expand coverage, improve equity, and provide an attractive and sustainable health profession that is rewarded for outcomes.

Takeda recommends that policymakers develop a strategy for transitioning to a modern value-based health system with collecting comprehensive outcomes data as the initial goal. We are actively contributing to the transition to value-based health care, especially to building the digital infrastructure that is essential for this model to work.

Background

An existential crisis

The world's health systems are facing an existential crisis. Intensified by the COVID pandemic, the gap

between what health systems cost to run and the health outcomes they provide for patients is widening, while the working conditions for doctors and nurses are worsening and the medical profession is becoming less attractive.^{1,2}

The end of ‘fee-for-service’

Fee-for-service is the traditional health care model in which pharmaceutical companies, health care professionals and other providers of goods or services are paid a particular amount of money for each treatment or procedure they provide, without systematically tracking the treatment’s effectiveness.³

The fee-for-service model has become unsustainable because aging populations have increased demand for health care while scientific innovation has provided a vastly expanded range of treatments and procedures, but there is not enough evidence to choose the most valuable among them.^{4,5} In the meantime, information technology has provided the potential for running systems more efficiently.

Systems based on publicly financed universal health coverage (UHC) have tried to adjust to the demographic shifts and medical advances and to extend the life of the fee-for-service model by cutting costs and services and increasing the volume of patients managed per health care professional.⁶ In private or mixed systems like the United States of America, rising out-of-pocket costs and widening inequities between individuals are the symptoms of an outdated model.^{7,8}

Given fee-for-service is oriented toward managing inputs like numbers of procedures, quantities of medicines, and amount of budget, and not tracking the health of patients after they have been treated, variations in outcomes for patients with the same diseases are common not only between countries but also within countries and even within communities.⁹

The sustainability challenge

We therefore summarize the challenges to making health systems more sustainable:

- Shifting away from fee-for-service to a more efficient model that achieves value for patients and society, defined as better outcomes for patients per monetary unit
- Gathering comparative evidence for treatment options so the most valuable ones can be identified and shared, reducing variability of outcomes and raising standards generally
- Improving satisfaction of patients and health professionals with the health system

Takeda’s Perspective

Takeda believes transitioning to value-based health care will make health systems more sustainable. We outline the features and potential of value-based health care, and an agenda for change as

follows:

Results-based, data-driven

Value-based health care is an operating model for health systems, already being trialed in some parts of the world, that is 'results-based'. It uses outcomes data – data that show whether or not a treatment actually worked for an individual patient – to drive health systems.

Value for patients and society

The most important features of value-based health care is that the outcomes reflect the needs and preferences of patients. It makes the goal of the health system to achieve the best outcomes for patients at the lowest overall cost to the health system. The fee-for-service model is not centered around patients, nor does it have this built-in concept of value.

Creating more efficiencies for health systems

Value-based health care leads to better allocation of resources than fee-for-service.¹⁰ Outcomes data allows health systems to identify and allocate resources to 'best buy' treatments. In fee-for-service, limited resources can be unknowingly wasted on low-value care that does not benefit patients. This lowers efficiency and drives up costs in the system, often impacting affordability or access to care for patients generally.¹¹

In health systems based on UHC, the improvement in efficiency from value-based health care can be used to expand access to the most effective treatments and procedures. In mixed and private systems, the increase in efficiency can be used to improve health equity. Improvement in outcomes at lower cost means health systems can provide care to a larger population.

More satisfactory for health care professionals and patients

Value-based health care offers a common purpose for health professionals: the achievement of health outcomes for patients, and better alignment of resources and incentives for that purpose. In fee-for-service, the incentives tend toward over-treatment or achieving an administrative goal set by the payer that limits treatment in some way, which can be frustrating for health professionals and patients.

We believe compensation that is correlated to outcomes would be more rewarding for health care professionals and reverse the salary deflation that health care professionals in many countries have experienced. In this way, value-based health care can contribute to creating a more attractive and sustainable health profession.

In value-based health care, the outcomes data can be used to benchmark health care providers to reduce the variability of outcomes from one hospital to another and raise standards of care generally. Patients will be more satisfied with the health system if they have better outcomes that depend less on where they go for care.

Not a panacea

Takeda believes value-based health care is a more sustainable model for today's societies than fee-for-service. But it is unrealistic to expect that it will absorb the full impact on health spending from the global demographic trend of aging populations. While health costs will likely continue to rise faster than GDP because of the impact of aging, we believe they will rise significantly less quickly if health care is delivered using a value-based approach.

Towards the health system of the future

We believe value-based health care is fundamental to the health system of the future, that can be enabled by the digital technology of today. We recommend health policymakers develop a strategy for transitioning to a modern value-based system with:

- measuring patient outcomes as an initial goal
- investment in the digital infrastructure required
- linking payment systems to achievement of outcomes
- steering resources to the most valuable treatments including prevention, early diagnosis, early-stage treatment, and over time, tackling health equity and the social determinants of health

Building the digital infrastructure

One important challenge to realizing value-based health care is the lack of experience in building a digital infrastructure for collecting the patient outcomes data that tracks the actual change in patients' health – which is essential for value-based health care to work.

Takeda has responded by co-founding the Health Outcomes Observatories (H2O), a public-private consortium across the European Union. The vision of H2O is to help realize value-based health care by identifying the best value treatments for patients and health systems. H2O collects outcomes data – reported, owned and controlled by the patients themselves – through independent, not-for-profit data observatories. From the observatories, the outcomes data can be shared with health systems for other purposes according to patients' wishes. H2O launched data observatories in four European countries in 2021, demonstrating the concept can work using currently available technology.

Takeda acknowledges the critical work of the International Consortium for Health Outcomes Measurement (ICHOM), an independent non-profit that has developed and digitized standard health

outcomes for over 40 diseases.

Conclusion

Takeda believes the fee-for-service model is unsustainable, and value-based health systems are the health systems of the future that the world must start implementing now. We recommend health policymakers develop a strategy for the transition to a value-based system with collecting comprehensive outcomes data as the initial goal. Takeda is actively contributing to realizing value-based health care by investing in partnerships at global, regional and local level that address the various challenges to realizing value-based health care, especially building the digital infrastructure for collecting the outcomes data required for it to work.

About Takeda

Takeda is focused on creating better health for people and a brighter future for the world. We aim to discover and deliver life-transforming treatments in our core therapeutic and business areas, including gastrointestinal and inflammation, rare disease, plasma-derived therapies, neuroscience, oncology and vaccines. Together with our partners, we aim to improve the patient experience and advance a new frontier of treatment options through our dynamic and diverse pipeline.

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