Issue Brief | June 2016

Accelerated Pathways Work; Now What?

Patients in the United States are gaining access to more new therapies and faster than ever before. In 2015, there were 51 new drug approvals, a 66-year high – in large part due to accelerated pathways of approval at the U.S. Food and Drug Administration (FDA).[1]

WHAT ARE *ACCELERATED* PATHWAYS?

The FDA has legal authority to speed the availability of drugs that treat serious diseases. Its programs for "accelerated pathways" — expedited review and approval of drugs — include **Accelerated Approval (AA)**, **Breakthrough Therapy Designation (BTD)**, **Fast Track (FT)**, **Orphan Drug (OD) status**, and **Qualified Infectious Disease Product (QIDP).**

Accelerated pathway designation means that the FDA will:

EXPEDITE APPLICATIONS

AND/OR

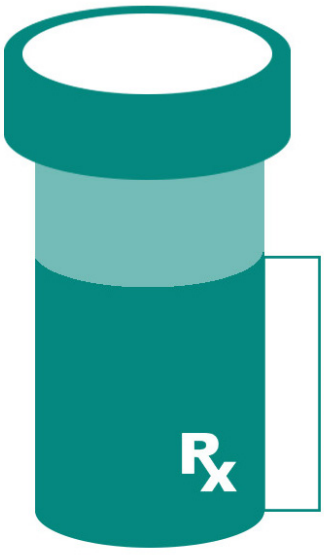
CHANGE EVIDENCE REQUIREMENTS

Accelerated pathways are given to drugs that:

- Treat serious and life threatening conditions
- Treat conditions that have no alternative treatment
- Treat new sub-populations
- Make significant advancement over current treatment

Accelerated pathway programs are used regularly by biopharmaceutical companies, and at least two-thirds of novel drugs approved in 2015 fell under at least one of these programs. Of the 45 novel drugs approved by FDA, 29 (64%) utilized at least one of these pathways and 15 (33%) utilized two or more.[2]

Although accelerated pathway programs bring innovations to the market faster, payers face complex decisions about covering the drugs. A key issue is the quality and type of evidence derived from the trials of these drugs, which are often shorter in duration than typical drugs trials.



64% of approvals 2013-2015 used at least one accelerated pathway

NEHI- PAREXEL SURVEY: PAYER OPINION OF ACCELERATED PATHWAYS

To better understand how U.S. payers regard drugs approved via accelerated pathways – and in comparison to drugs approved through conventional pathways — the Network for Excellence in Healthcare Innovation (NEHI) and PAREXEL surveyed 20 payers in September 2015.

20 Payers, covering

228

million lives

Aetna, Anthem, BCBS, Blue Cross California, Blue Cross Blue Shield Michigan, Catalyst Rx, Cigna Healthcare, CMS, Coventry Healthcare, CVS Caremark, Express Scripts, Fallon Community Health Plan, Geisinger, Harvard Pilgrim, Health Plan Nevada, Humana, Molina Healthcare, Premera Blue Cross, Trustmark, Tufts Health Plan, United Healthcare – Texas, Wellcare, and Wellpoint.

40% National Private

15% National Public/CMS

29% Regional Private

16% Regional Public/CMS

SURVEY FINDINGS

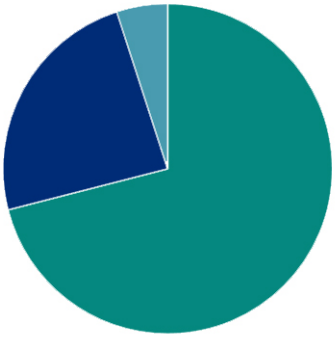
Survey responses suggest that payers generally support expedited approval processes. They believe that the products approved through these processes help satisfy unmet needs and provide patients with access to important new treatments.

Payers don't evaluate products differently (for now)

Does a product's AP designation have any influence on how you evaluate it?

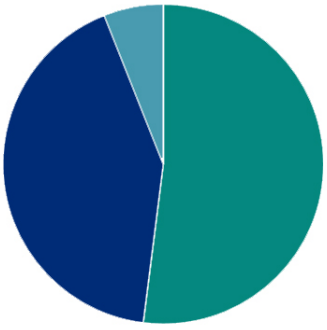
74 % Minor Influence

24% No Influence



Payers reported that they do not currently evaluate products that go through accelerated approval any differently than other products. They also said that whether a drug has gone through accelerated pathway has only a minor influence or no influence at all in their evaluation (71% and 24%, respectively). However, in response to separate questions (see below), a majority of respondents reported that they are likely to alter their evaluation process in the future, because they expect most products approved through acclerated pathways to carry high prices.

Pricing of drugs approved through accelerated pathways is a challenge



How do you think the pricing of AP products will differ from non-AP products?

52 % Significantly Higher (+20% or more)

42% Moderately Higher (+10-20%)

6% Slightly Higher

Although products that are approved through accelerated pathways can result in significant benefits to patients, they often are introduced at what payers believe are "moderately" or significantly higher prices than other drugs. A majority (65 percent) of payers said prior authorization would be the mechanism they would be most likely to use to contain these costs.

Payers want "real world" evidence

Payers often conclude that even the "gold standard" evidence from conventional randomized clinical trials used for FDA approval doesn't address uncertainties about what will happen when drugs are used by far broader groups of patients in the "real world." Respondents to the NEHI-PAREXEL survey said this evidence gap could be worse for products approved under accelerated pathways and are expressed reluctance to commit to initial pricing on new products that may not be supported by real world evidence gathered later. A particular problem is the use in initial randomized trials of drugs reviewed through accelerated pathways of "surrogate endpoints" — a measure of a drug's intermediate effect that correlates with a real clinical endpoint but does not necessarily guarantee that endpoint. An example would be a cancer drug that was shown in an initial clinical trial to shrink tumors, but may not translate into long-term survival for patients once the drug is used by large groups of patients in the "real world."[3]

60% of payers believe the **main challenge** with AP products is that **high initial prices are difficult to modify** without robust real world evidence

Another challenge for the majority (60%) of payers is the difficulty of modifying initial prices of drugs approved through accelerated pathways without this robust real world evidence (RWE). They expect more such evidence in the future, and agreed in the survey that "initial coverage decisions may have to be revisited" after drugs' full risks and benefits are known.

Yet it remains unclear who should be responsible for gathering and evaluating this real-world evidence. Almost half (47%) of survey respondents believe that manufacturers should collect these data; slightly fewer (41%) believe that it is payers' responsibility to do so.

47% of payers believe the **manufacturers** should be in charge of post-launch datasets

VS.

41% of payers believe **payers** should be in charge of post-launch datasets

Payers want information to reflect shift to value-based care

As the U.S. shifts to more value-based payment in health care, many payers say they may change the way they make coverage decisions for products approved through accelerated pathways. Payers are looking for information that will support judgments on value that go beyond a one-time decision on covering and paying for a single product.

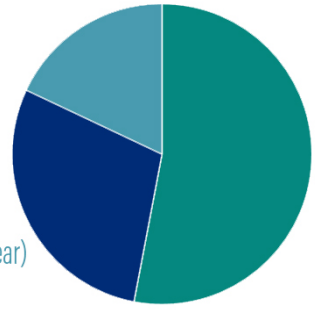
More than 70 percent of payers surveyed expect that their economic assessments of new drugs will consider costs to the overall health care system and societal burden of disease. A majority indicated that these assessments would include holistic budget impact modeling, which examines the effects of a drug on the overall health care budget (for example, treatment costs, but also treatment "offsets," such as lower rates of hospitalization for patients). However, just under one-third of respondents said that they would look at prescription drug budgets only in making these budget impact calculations.

What is the most likely form of economic assessment going forward?

53 % Holistic Budget Impact Modeling

29% Look Solely at Prescription Drug Budgets

18% Cost-Effectiveness Metrics (e.g. quaity-adjusted life-year)



GOING FORWARD: ALL ABOUT OUTCOMES

Payers believe that the FDA's accelerated pathways will deliver a steady stream of new products to address critical patient needs. All stakeholders — manufacturers, payers, patients, providers, and society at large— must find consensus on ways to evaluate, price, and pay for these drugs.

More real world evidence, more post-market negotiation

As noted, payers want to use more real world evidence in evaluating the impact of new products and to make more appropriate judgments on paying for these drugs, at what price, and for whom. Patients will also want to understand how real world evidence is used, and will want their preferences taken into account as payers make decisions on coverage, pricing, and payment. NEHI's recent work on real world evidence (see *Maximizing the Potential of Real World Evidence to Support Health Care Innovation*) explores the need for a larger cross-sector culture change in the generation and use of real world evidence.

Manufacturers that gain FDA approval of their products through accelerated pathways are thus likely to face new responsibilities once their drugs are on the market. These activities could include expanded collection and analysis of real world data, including data on the financial and economic impact of new therapies in the short and long terms.

ENDNOTES

1. Bernard Munos, "2015 New Drug Approvals Hit 66-Year High!," Forbes, (January 3, 2016), http://www.forbes.com/sites/bernardmunos/2016/01/04/2015-new-drug-approvals-hit-66-year-high/#1610e9051044.
2. "Novel Drugs Summary 2015," U.S. Food and Drug Administration, (January 2016), http://www.fda.gov/Drugs/DevelopmentApprovalProcess/DrugInnovation/ucm474696.htm.
3. Michael Mezher, "Researchers Question FDA's Use of Surrogate Endpoints for Cancer Drug Approvals," Regulatory Affairs Professionals Society, (October 19, 2015), http://www.raps.org/Regulatory-Focus/News/2015/10/19/23432/Researchers-Question-FDAs-Use-of-Surrogate-Endpoints-for-Cancer-Drug-Approvals/.

Support:

NEHI wishes to acknowledge PAREXEL for providing support. The views expressed herein are solely those of NEHI and are not intended to represent the individual viewpoints of sponsors, members, or advisors

About NEHI:

NEHI is a national health policy institute focused on enabling innovation to improve health care quality and lower health care costs. In partnership with members from all across the health care system, NEHI conducts evidence-based research and stimulates policy change to improve the quality and the value of health care. Together with this unparalleled network of committed health care leaders, NEHI brings an objective, collaborative, and fresh voice to health policy.

The Network for Excellence in Health Innovation

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