

FoCUS Toolkit General Education: Financial Tools

April 2023



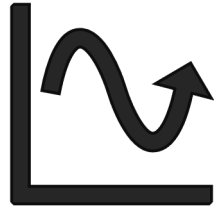


The FoCUS Project has developed this toolkit as a resource for understanding the financial challenges of delivering and financing an advanced durable therapy.

You may review, download, copy, distribute and use the available content solely for the purpose of general education, information gathering, and/or research purposes provided you properly attribute such content to NEWDIGS, Tufts Medical Center. By using these slides, you hereby accept the [Terms of Use](#).



Primary Financial Risks



Actuarial risk: Can your organization absorb the financial impact in total, given your risk tolerance and current risk management approaches?



Payment timing: Can your organization absorb the financial impact in the timeframe it is expected?



Therapeutic performance risk: Does your organization wish to include performance requirements for durable gene and cell therapies?



Potential financial solutions

		Payment timing 	Performance 	Actuarial risk
Milestone-based contracts				
Warranty				
Performance-based annuities				
ORBM and risk pools				
Subscription model				



Addressing actuarial risk

Risk pools

Federal or state government programs or coverage specific insurance product in which a premium is set and paid for coverage of a defined treatment for a group of individuals, thereby creating cost predictability.



Secondary insurance

A product that provides protection against unpredictable costs for a patient above a specified threshold. This is reinsurance for payers and stop loss for self-insured employers.

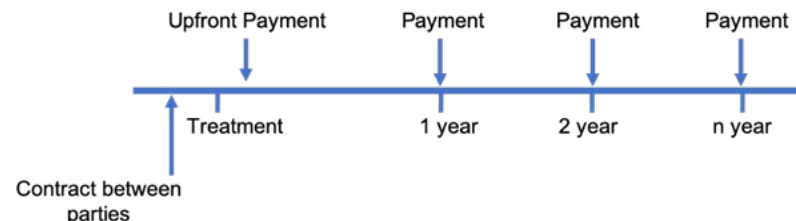
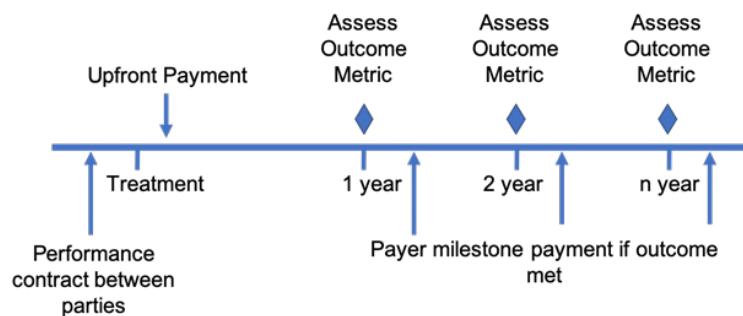




Addressing payment timing

Payment over time

Paying for a treatment over multiple years rather than in one upfront payment.



Performance based annuity

Helps payers manage potential performance risk associated with a therapy and spreads the cost of that Therapy over time, thus smoothing payment timing.

Subscription model

A fixed fee for either a target level or unlimited supply of a treatment.

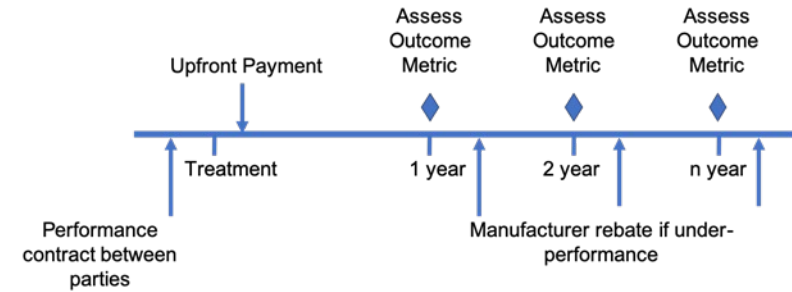




Addressing therapeutic performance

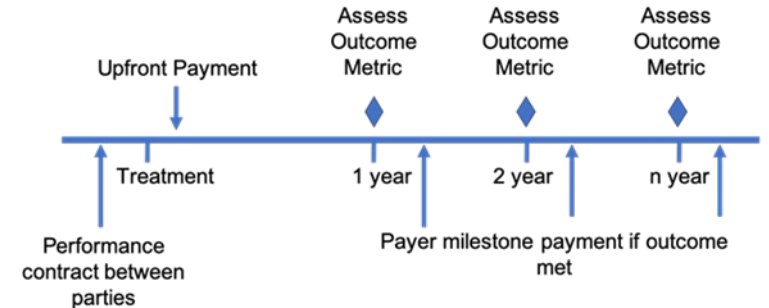
Multi-year milestone-based contract

A longer-term performance-based agreement in which the payer makes an upfront payment for the entire negotiated price of the therapy. The developer is then contractually obligated to provide a rebate if specific patient performance milestones/outcomes are not met.



Performance based annuity

Helps payers manage potential performance risk associated with a therapy and spreads the cost of that therapy over time, thus smoothing payment timing.



Warranty

An insurance product that reimburses payers for other drug and medical costs should the performance risk associated with a therapy be actualized.



Orphan Reinsurer and Benefit Manager (ORBM)

Combines the risk-bearing of reinsurers with the therapy contracting capabilities of pharmacy benefit managers

FEATURES

Carve-out risk pool - Actuarial per member per month (PMPM) premium applied across all covered lives for total comprehensive disease care.

Contracting & payment - Establish the provider network and contract management with developers and providers, including administration of performance-based agreements.

Care coordination services • Comprehensive disease management programs tailored to disease and patient needs delivered to scale.

BENEFITS

Capitation of costs provides improved Payer predictability, mitigating payment timing and actuarial risks.

Removes administrative barriers, adds efficiency for contracting.
Mitigates therapeutic performance risk.

Mitigates therapeutic performance risk.



Implementing a financial solution

Clinical
coordination

Patient
mobility mgmt.

Regulatory
alignment

Data collection

Contracting
- providers

Developers & payers contract terms

TuftsMedicine
Tufts Medical Center



tuftsmedicine.org