A MARKET-DRIVEN VALUE-BASED ADVANCE COMMITMENT (MVAC)

Bringing to market an affordable cure for TB by Crowding in private investment

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If mortality reduction trajectory remains as per 2010-2016, “Investing in Health” Lancet Commission targets will be reached 40 years after 2035 convergence.*
THE MOTIVATION

If mortality reduction trajectory remains as per 2010-2016, investing in health Lancet commission targets will be reached **40 years** after 2035 convergence*.

StopTB estimates that $2-2.5 billion is needed between 2016-2020 to drive technological innovation. Only 1/3 of this is committed and 2/3 of that is public.

Private investment dropping ($87 million in 2015 out of £170 billion of private R&D investment – 0.05% of global R&D).

Public investment (BMGF, NIH, HIC donors) makes up bulk of limited TB investment.

Majority of TB patients live in fast growing aid transitioning countries with a growing NCD burden.

* https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(18)32389-4/fulltext
https://www.dropbox.com/s/cwji5v10sf9u2hi/TheLifePrize_BusinessPlan%20Dec%202017.pdf?dl=0
## FOUR CORE ELEMENTS

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<th>Health Technology Assessment:</th>
<th>Under-writing:</th>
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<td>To estimate the size of the market including potential price and volumes for the TB universal regimen target product profile (TPP) (using assumptions on TPP effectiveness, projected burden of disease, and a comparator) which will be translated into commitments and implementation/success payments.</td>
<td>To securitize and monetize a commitment from MICs for a new TB regimen, accounting for scientific, commercial, and multi-market entry risks. Further, design the size and structure of the reward based on expected return on investment.</td>
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<th>Industrial Policy:</th>
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<td>To develop a governance model which coordinates BRICS and donors, establishing credibility with countries in driving seat and broad stakeholder/CSO engagement. Model will include ex-ante and ex-post, supply-side and demand side arrangements.</td>
<td>To ensure alignment with industrial policy objectives of MICs, including local TB manufacturing capacity and requirements.</td>
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ELEMENT 1: HEALTH TECHNOLOGY ASSESSMENT

• What? Reaching, together with buyers/countries and sellers/companies, a common understanding of the value proposition of a new product through the application of globally accepted methods and process principles.

• How? Measuring the value that the new treatment would add in each country and then use this value as a benchmark to define price.
  • What is value – given forecast epidemiological profile, compared to alternative (predicted) treatment options, hospitalisation costs and savings, health and productivity gains...
  • What is the ability to pay for that health gain in the context of each particular health system and its budgetary constraints.

• When?
  • ex ante, pre-launch modelling to predict value;
  • ex ante, at launch modelling to assess performance against TPP and value;
  • ex post, post launch impact assessment and outcome verification.

• With...Leverage existing (emerging and established) national HTA structures in BRICS currently supported through BMGF and DFID ([www.idsihealth.org](http://www.idsihealth.org))
Standards of care, evidence-based treatment protocols and processes for conducting [HTA] to assess the impact, efficacy and costs of medical technology, medicines and devices relative to clinical outcomes must be developed. Findings... should be published to stimulate competition in the market, to mitigate information asymmetry, and to inform decisions about strategic purchasing by the public and private sectors.”
structure of the HTA model:
valuing the reduction in TB incidence

- Reduction in incidence
- Reduction in deaths
- Reduction in morbidity
- Additional DALYS averted
- Incremental cost savings
- Reductions in numbers needing TB services
- Shortened length of treatment
- Less inappropriate treatment
- Determine how current health spending implicitly values and the willingness to pay per DALY averted
- Estimate how that changes with increases in GDP
- Exploring cost savings can be used to avert additional DALYs
- Valuing productivity gains and wider societal benefits

KEY ATTRIBUTES OF THE TPP (WHO, BMGF, INDUSTRY)
- Universal drug regimen (UDR)
- 2 month treatment
- No drug sensitivity testing
- No pre-existing resistance

NOTES
- A min fraction of the TPP triggers the MVAC – additional performance rewarded in accordance to added value to the max TPP price
- Max TPP price less than max model based value price to account for push incentives/public R&D investment
- Post MVAC IP maintained by firms but product available at cost-plus for MVAC countries and all LICs (from outset)
- Account for techs in pipeline (vaccines, short regimens) as comparators
**Key Question:**
How can BRICS today make credible commitment to purchase innovative TB drugs at a value-based price...15 years in the future?

**Proposed Answer:**
By leveraging their own sovereign credit-worthiness, intermediated through a development bank.
ELEMENT 3: GOVERNANCE

• Need a global secretariat for international cooperation to assume collaborative minimum governance responsibilities
  • Aggregate and secure demand across countries
    • Manage/coordinate HTA (value assessment) and ex ante pricing negotiations across countries
  • Set parameters of target product profile
  • Expert group to certify whether (and to what extent) new product has met minimum TPP
    • In parallel: coordinate with regulators to fast-track regulatory approval of a new product that has met TPP terms (facilitate partnership with HTA teams)
  • Track fulfilment of commitments

• Specs for appropriate global secretariat
  • Be open and credible to BRICS other emerging markets
  • Show relevance to/expertise in tuberculosis
  • Minimize transaction costs (without compromising programmatic quality)
THE KEY BENEFITS OF THE MVAC APPROACH

1. The Commitment: Structure
   • Made by country governments/payers, based on local priorities and needs assessments – NOT donors. **BRICS-led and BRICS-owned**
   • Secured/guaranteed by development bank as intermediary

2. The Commitment: Value
   • Value-based assessment (HTA)—conducted separately, in each country—as starting point to establish maximum justifiable prices/volumes based on health gains and health systems savings
   • Adjust downwards to account for public money

3. Credible for Private Sector Investment and Transactionally simple
Thank you

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