Growth of Value-Based Purchasing and Contracting for Cell and Gene Therapies (C&GTs)

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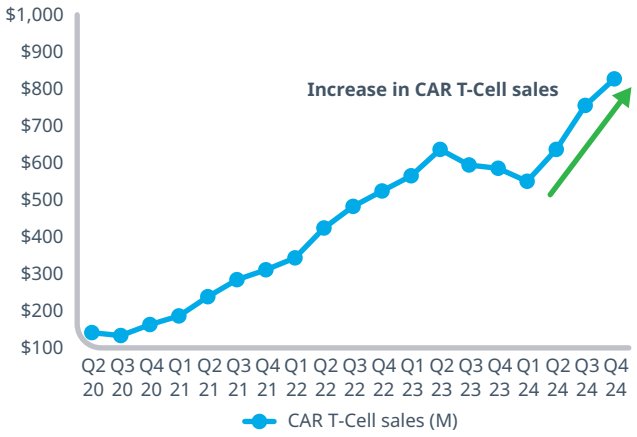
The healthcare landscape is rapidly evolving, and one of the most significant advancements in recent years has been the growth of Cell and Gene Therapies (C&GTs). These innovative treatments offer the potential to cure previously untreatable conditions, but they also come with high costs and unique challenges. This article explores the increasing demand for C&GTs, the barriers to access, and the innovative purchasing models that are emerging to address these challenges.

Increasing demand for C&GTs

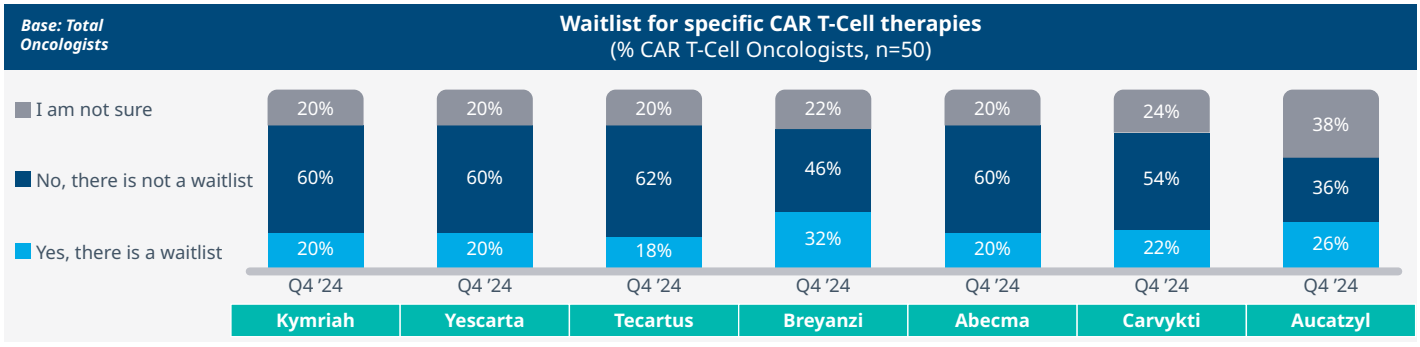
There has been a strong demand for C&GTs among health plan members, as evidenced by the growing number of products available in the U.S. market (37) and the increasing number of patients treated. For instance, there are currently seven CAR T-Cell products approved for hematology cancers, including Abecma, Breyanzi, Carvykti, Kymriah, Tecartus, Yescarta, and Aucatzyl. IQVIA's U.S. patient models indicate a 30% increase in CAR T-Cell patients treated from 2022 to 2023, driven by new indications and early lines of therapy due to the strong efficacy of these products.

Number of CAR T-Cell treatment centers has had to grow (200+) to keep pace with the growing demand for these therapies

CAR T-Cell U.S. sales (M)



Each CAR T-Cell brand reports that there is a wait list for these therapies

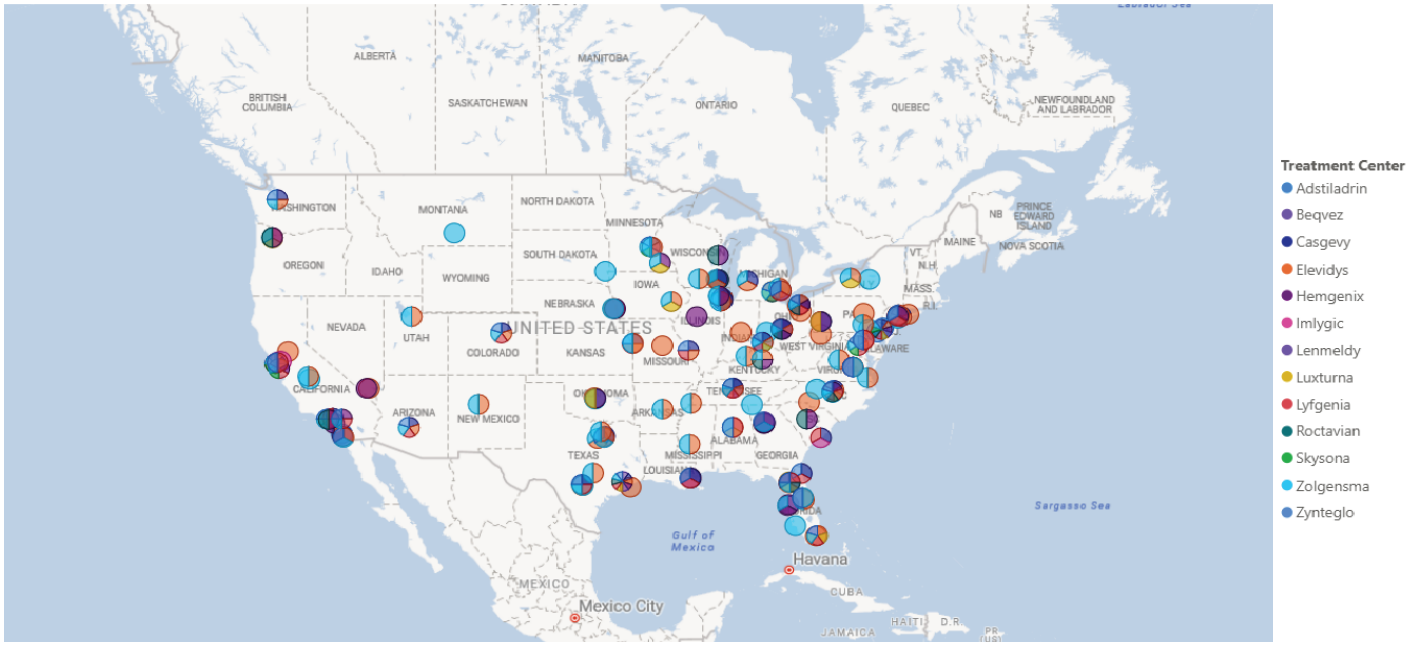


Sources: CAR T-Cell monitor Q4 24: Center module (n=50 Oncologists) and secondary module

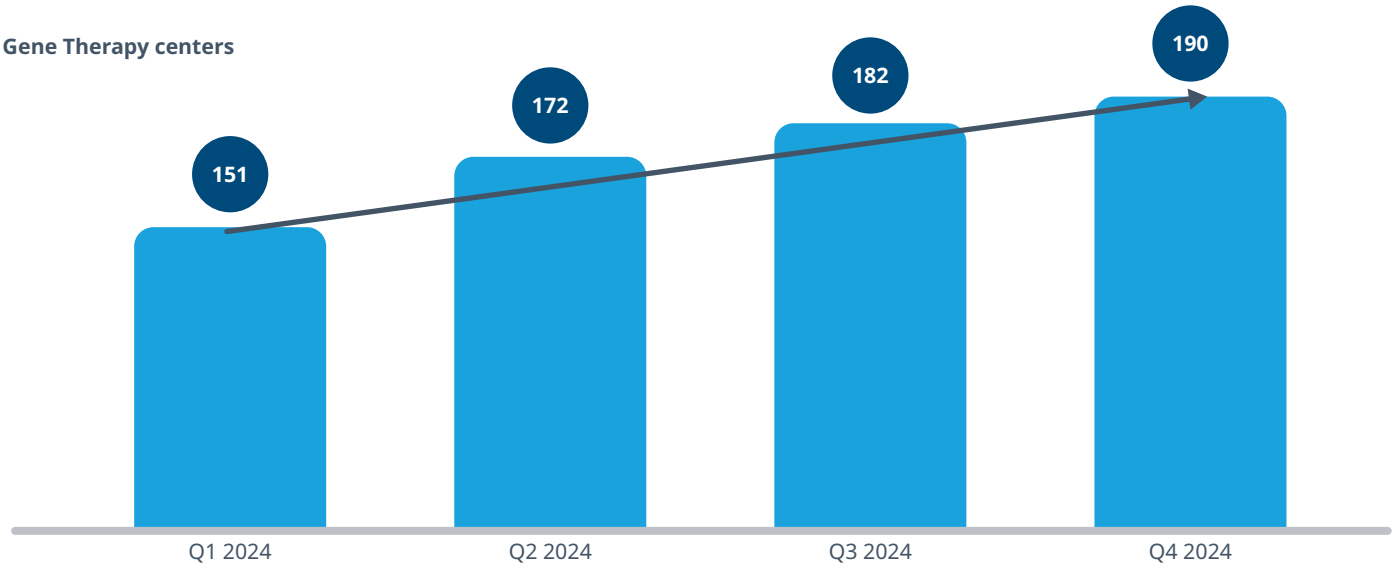
Barriers to access

Despite the promising potential of C&GTs, there are significant barriers to access. The primary challenge is the high cost of these therapies, which can range from $100,000 to $3.5 million. However, the potential to cure patients and eliminate costly downstream care can balance the initial high cost per course of treatment. Another barrier is the limited number of administration sites for these therapies. For example, Roctavian, indicated for Hemophilia A and approved by the FDA in June 2023, is only administered in 15 locations. This limited access poses a challenge for drug manufacturers and healthcare systems. As noted in the graphics below, there are less Gene Therapy centers compared to CAR T-Cell Centers, but this treatment channel is also growing every quarter.

Gene Therapy centers are concentrated around larger metropolitan areas



Gene Therapy centers



Source: CAGT landscape assessment (Q4 24)

Cost justification and economic models

The decision to cover C&GTs must be made on a plan-by-plan basis and by disease state, considering different levels of cost, efficacy, and alternative therapies. In some cases, the unprecedented efficacy of C&GTs results in positive economic models due to the likelihood of reducing hospital stays and the need for ongoing chronic care therapy. For example, CAR T-Cell therapy for DLBCL can replace stem cell therapy, which involves longer hospitalization and also has curative potential. Another example is Luxturna for RPE65-mediated inherited retinal dystrophies, which can cure blindness in patients with the biomarker, significantly improving these patients' ability to interact with society and live productive lives.

Innovative purchasing models

Due to the high prices of C&GTs, innovative reimbursement models are being utilized. These include outcomes-based agreements that rely on agreed-upon clinical results and installment-based payment agreements. An illustrative example is Zolgensma for the treatment of Spinal Muscle Atrophy, which has employed both strategies in the U.S. market. These innovative contracting approaches have enabled better access to these groundbreaking therapies.[1]

Conclusion

The growth of value-based purchasing and contracting for C&GTs represents a significant shift in the healthcare industry. While there are challenges to overcome, the potential benefits of these therapies are immense. By adopting innovative purchasing models and continuously updating economic evaluations, healthcare plans can increase member access to these life-changing treatments and improve overall health outcomes.

[1]Strengthening pathways for Cell and Gene Therapies, IQVIA Institute, March 2024