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National Health Reform Agreement – new form of funding????

In the recently released PBAC Outcomes from the March 2020 meeting, it was reported that Dinutuximab Beta (Qarziba®) was not considered by the PBAC, but instead was referred to MSAC for funding consideration under the National Health Reform Agreement.

So, what is the National Health Reform Agreement (NHRA), and is this a new form of funding available to pharmaceutical companies moving forward?

BACKGROUND OF THE NHRA

In August 2011, the NHRA was signed formalising the Heads of Agreement on National Health Reform making the National Health and Hospitals Network Agreement (NHHNA) redundant. A key component of this new agreement was that the Commonwealth and the states and territories would pool funding for public hospitals through the National Health Funding Pool. This funding pool is administered by the National Health Funding Pool Administrator (NHFPA), assisted by the National Health Funding Body (NHFB). There have been new iterations of this agreement over time, with the 2020-2025 NHRA agreement due to commence on 1 July 2020.

Under the NHRA there is also a category labelled, “Activity Based Funding” that traditionally includes funding such as emergency department services, acute admitted services, admitted mental health services etc, as well as “Block Funding” arrangements for teaching and training, and services in smaller regional and rural hospitals where this funding approach is more beneficial.

Under the “Block Funding” umbrella there exists a funding category of increasing interest to pharmaceutical companies - “Other Public Hospital Programs”. This is a new and relatively undefined funding category, which recently has been used to fund specialised treatments such as CAR-T Therapy.

CAR-T therapies, Kymriah® and Yescarta®, have moved through the MSAC Process to receive funding under the NHRA.

Qarziba® off to MSAC.....

It appears that the PBAC thinks Qarziba® should be considered in this forum and will be discussed at the July MSAC meeting.

With this in mind let’s look at the two CAR-T therapies and see what we can learn from their MSAC Submissions and Public Summary Documents.....

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CAR-T THERAPY

Novartis' Kymriah® was the first CAR-T therapy to be funded under this category. Having initially been rejected by MSAC in November 2018, it was subsequently approved in 2019. Since then MSAC has approved the further expansion of Kymriah's indication.

Gilead submitted Yescarta® directly to MSAC in 2019 and after an initial deferment due to TGA confirmation it was approved in an MSAC out of sessions meeting in January 2020 (as at May 2020 Yescarta® is yet to be launched in Australia).

As with PBAC submissions, these submissions were assessed on clinical and cost effectiveness, with Risk Share Arrangements and Price Reductions are a part of the negotiations.

But what is different from PBAC submissions –

CAR-T therapy was agreed to between the Commonwealth and Victorian and New South Wales Governments only, meaning that patients from other states would need to travel to the specific centres in these states to undertake their therapy.

The following amounts were allocated for the provision of CAR-T therapy (Kymriah®) to treat acute lymphoblastic leukaemia in children and young adults (initial requested indication), during the 2019-20 & 2020-21 funding period.

State	CAR-T therapy (Kymriah®) amounts
NSW	$18,050,213
VIC	$10,275,00

Source: Independent Hospital Pricing Authority (March 2020), National Efficient Cost Determination 2020–21 Report.

The Commonwealth agreed to block fund the cost of the treatment Kymriah® for an initial 2-year period due to the high cost and potential variation of resource utilisation. MSAC will conduct a full review of the clinical effectiveness, cost effectiveness and budget impact prior to the end of this 2-year period, allowing for a renegotiation of public funding conditions, should these be deemed appropriate.

FUTURE SUBMISSIONS

Qarziba® had originally applied to the PBAC for consideration but was referred to MSAC for consideration under this funding framework. The March 2020 PBAC outcomes noted under "Other Matters" that Qarziba® was not considered by the PBAC, and that it is a treatment that would be more appropriately funded jointly by the Commonwealth and the States through the NHRA. The submission has been referred to the July 2020 meeting of MSAC, who has assessed all previous applications for funding through the NHRA.

At the time of writing, this submission has been issued an MSAC Application number and included on the upcoming ESC agenda, ahead of the July meeting. Once a decision is made by MSAC there will still be negotiations between the Sponsor, Commonwealth and each State to ensure patient availability. As illustrated with Yescarta®, this may take some time.

With medicinal technologies ever changing, our funding systems need to evolve. The use of this agreement is just the beginning.

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