

Economic Considerations for Implementation of an Antibiotic Pull Incentive

1201 Pennsylvania Ave, NW, Suite 500, Washington, DC 20004

May 9th, 2019

8:30 am – 2:45 pm

Meeting objective: Antimicrobial resistant infections pose a significant global threat, and as resistance to generic antibiotics increases, a robust arsenal of novel antibiotics is needed to ensure public health. Unfortunately, developer activity is limited by market conditions in this area. A large pull incentive mechanism has been proposed as a promising approach to encourage new antimicrobial development, but generating and sustaining support for pull incentives has been difficult, even in areas where there is demonstrated public need. There is still not consensus from key stakeholder groups about whether a large pull incentive is needed, and whether one can be designed and implemented in a way that would bring real value. To help maximize the impact of a pull incentive, this workshop will describe the value provided by antimicrobials, and explore the economic rationale for a pull incentive to address current market challenges and to ensure public health benefits. Discussion will also cover how a market entry reward might complement other incentives, how policymakers are likely to view potential proposals, and which potential funding mechanisms are most politically and administratively feasible.

8:30 – 8:45 am

Welcome and Introductions

Mark McClellan, Duke-Margolis Center for Health Policy

8:45 – 9:00 am

Overview of Issues

Mark McClellan

9:00 – 10:15 am

Session 1: Characterizing the Economic Value of Novel and Future Antibiotics

Moderator: Mark McClellan

Session objectives:

- Characterize and communicate components of antibiotic value from an economic perspective
- Discuss approaches and data needed to model different aspects of antibiotic value, including insurance, contagion, and public health value
- Assess the potential impact of novel antibiotics on costs and outcomes in the healthcare system
- Discuss which components of value are most salient to policymakers and how to communicate the value case

Opening remarks:

- Adrian Towse, Office of Health Economics
- Itamar Megiddo, University of Strathclyde

Moderated Discussion

10:15 – 10:30 am

Break

10:30 – 11:45 pm **Session 2: Bridging the revenue gap between market forces and investment**
Moderator: *Mark McClellan*

Session objectives:

- Explore how the market values novel antibiotics, including potential returns based on current utilization rates
- Discuss from an investment perspective, which characteristics of novel antibiotics influence their valuation most and contribute to risk
- Assess generation of returns through drug pricing vs. pull incentive
- Consider how a large pull incentive could complement or interact with existing incentives

Opening remarks:

- Alan Carr, Needham & Co.
- Melissa Stundick, Spero
- Kevin Outtersen, CARB-X

Moderated Discussion

11:45 – 12:30 pm **Lunch**

12:30 – 2:00 pm **Session 3: Market Entry Rewards—Eligibility & Implementation**
Moderator: *Gregory Daniel, Duke-Margolis Center for Health Policy*

Session objectives:

- Discuss implementation steps with emphasis on political and practical feasibility
- Consider how identified areas of antibiotic value could contribute to reward eligibility
- Discuss potential funding mechanisms for a market entry reward
- Explore outcomes that could be used to measure the success of a pull incentive in reinvigorating the antibiotic market

Opening remarks:

- Mara Kreishman-Deitrick, Walter Reed Army Institute for Research
- Robert Horne, Leavitt Partners
- Christine Årdal, Institute of Health Norway

Moderated Discussion

2:00 – 2:30 pm **Next steps**
Gregory Daniel

2:30 – 2:45 pm **Closing remarks**
Gregory Daniel