World Hepatitis Alliance

WORLD HEPATITIS ADVISORY COMMITTEE REPORT SUPPLEMENT: DISCUSSIONS ON 'INNOVATIVE FINANCING TO SAVE LIVES'

Preface

Amid widespread concern about the high price of potent new treatments for hepatitis C virus (HCV), the World Hepatitis Alliance (WHA) has sought to keep attention focused on the larger picture. Ending the global hepatitis epidemic will require immense resources over a period of decades – it is about more than the cost of the current first-line drugs. The reality is that even older HCV treatment regimens remain prohibitively expensive in many resource-limited settings. And the cost of managing the incurable hepatitis B virus (HBV) throughout the course of the infected person's lifetime also imposes a major financial burden on many individuals and health systems.

Thus when WHA hosted the first-ever World Hepatitis Advisory Committee (WHAC) meeting on 11–13 February 2015, it was decided that financing would be high on the agenda. After one-and-a-half days of discussions with pharmaceutical industry representatives about the treatment pipeline, the second half of the meeting focused on the role that innovative financing mechanisms might play in increasing access to treatment. The need to "think outside of the box" is clear. No major global hepatitis funding mechanism exists, nor is there sufficient donor aid or adequate domestic funding in many countries. The 2008 financial crisis brought an end to an era of steady increases in development assistance for health, and there is no reason to think that public-sector and private-sector aid from wealthy countries will increase enough to meet hepatitis treatment needs in lower-income countries in the foreseeable future. In fact, many wealthy countries are facing tough resource allocation decisions in relation to their own domestic viral hepatitis epidemics.

In this context, WHAC meeting delegates spent one-and-a-half days in "think-tank style" sessions that featured presentations on a range of innovative financing mechanisms. It was understood that the presentations and ensuing discussions would inform the hepatitis advocacy community's next steps in the run-up to the September 2015 World Hepatitis Summit, which will serve as an important forum for representatives of patient groups, national governments, the World Health Organization, and other major stakeholders to jointly consider the economic dimensions of the response to hepatitis.

Sessions on innovative financing mechanisms

1. Development impact bonds

The premise behind development impact bonds is that outcome-based contracting can remedy a well-known problem with traditional development aid: its emphasis on reporting and donor compliance ultimately leads to considerable resources being siphoned away from implementation. In this new model, donors such as private investors pay for a measurable outcome. Investors are often hands-off regarding how the outcome is achieved. The presenters for this session, Rita Perakis (Center for Global Development) and Diana Mak (Social Finance), discussed five potential benefits of this model: innovation, client-centeredness, partnership, rigorousness and flexibility.

A development impact bond programme for HCV treatment might take the following form: investors would provide the financing for HCV drugs and countries would be charged with implementing strategies to make the drugs available nationally. If a country were to be successful in achieving a stated goal such as a reduction in HCV prevalence, then donors would pay back investors. However, the limitations of HCV metrics may make it tricky to determine what constitutes success. National HCV prevalence, for example, is difficult to determine.

Utilising this mechanism would require determining an acceptable risk/return ratio for investors as well as a suitable incentive. For example, people might be willing to support development impact bonds if they recognised HCV as a priority issue or were drawn to the principle of value for money.

2. AIM 2030

AIM 2030, explained in a presentation by Andreas Seiter (World Bank), is an initiative to maximise access to medicines for priority diseases in low- and middle-income countries. Under the leadership of the World Bank, AIM 2030 establishes partnerships with stakeholders who are positioned to improve access to innovative or established financing and payment mechanisms for new essential medicines. These mechanisms might include, for example, advance market commitments, voucher schemes and e-vouchers via mobile phone.

The World Bank's main role is to act as a broker for potential donors, with whom discussions are underway. AIM 2030 is also working with innovator companies to develop best-practice access models for populations that cannot afford new medicines.

The AIM 2030 session highlighted the point that in an era when donor funding envelopes are not increasing, major donors are likely to consider focusing on the health issues causing the most deaths in poor populations – and hepatitis is not widely recognised as one of those issues. However, if hepatitis is specifically named in the Sustainable Development Goals, this situation may change.

Regarding World Bank support specifically, the economic impact would need to be shown for a country to receive a World Bank loan to cure hepatitis, for example. The World Bank might be able to facilitate a country case study with NICE International and others to use as a tool for engaging major donors such as the Global Fund to fight AIDS, Tuberculosis and Malaria. The importance of private-sector and crowdfunding options also was noted.

3. Inclusive health insurance and potential lessons for financing hepatitis care

A potentially valuable tool for reducing out-of-pocket payments for medical care is microinsurance, also known as "inclusive" insurance. Presenter Thierry van Bastelaer (Abt Associates) discussed microinsurance in the context of an array of public and private financial models, including universal health coverage, social health insurance, full-service commercial health insurance, provider-driven and community-based coverage, and public-private partnerships.

Few schemes cover the poor without subsidies. A new development is "freemium" – free insurance provided by businesses to customers, as when mobile phone companies provide users with insurance based on how much phone time they purchase.

Viral hepatitis raises a number of insurance considerations. The cost of HCV treatment is currently so high that resource-limited countries cannot include it in universal health coverage or other insurance schemes. At what price *will* treatment be covered by insurance? This is a key question, and it cannot currently be answered. Insurance providers seemingly have an incentive to diagnose people with hepatitis in order to avoid future costs. However, until health insurance covers hepatitis treatment, such an incentive is irrelevant. Continuing to build awareness about the magnitude of the global hepatitis epidemic will serve efforts to incorporate treatment coverage into inclusive health insurance models in the future.

4. Loans to individuals for purchasing HCV treatment

When the state does not provide adequate financial support for people who are dying of a curable virus to obtain treatment, what other options might exist? What if someone could purchase the treatment with a loan taken out at an interest rate comparable to the rate for purchasing a commodity such as a car?

Christian Mazilu (Banat Consultants) invoked this scenario in a presentation that explored the feasibility of banks providing "health loans" to individuals with HCV. In the case discussed, a patient who is employed and has collateral such as life insurance may be eligible for a loan at a manageable interest rate. Yet there are major risks with regards to being able to pay back the loan. Also, what would happen if a borrower experienced treatment failure? In those cases, might pharmaceutical companies or other parties be willing to step in to help? The session drew on the example of Romania, where the national insurance company will refund the health loan in the event of the patient's death. One consideration is that banks may wish to see lower HCV treatment costs, along with large numbers of borrowers to spread the risk. It would thus be in banks' interest for HCV diagnoses to increase. The Government of Romania is subsidising mortgages; perhaps something similar can be done for HCV treatment loans (e.g. tax-deductible interest).

Developing this model will require clarifying the risks and defining safeguards, for example to prevent recently diagnosed people from being pressured into taking out loans. Patient organisations and banks need to work together to further explore the potential for health loans to serve as a viable HCV treatment financing option.

5. PharmAccess experiences with HIV financing mechanisms in Africa

Onno Schellekens (PharmAccess) presented on the PharmAccess model, which is centred on loans that are made to reduce unknown and financially unbearable risks in the healthcare system. A major hepatitis financing initiative would require trust with the pharmaceutical companies, e.g. all stakeholders would understand that medicines would be delivered to the intended recipients and that lessons learned from new models would be shared openly.

The history of antiretroviral therapy provided a valuable point of reference in this discussion. Antiretroviral therapy is much more costly than HCV treatment in the long run – yet it receives billions of dollars of support. If pharmaceutical companies are willing to forego earnings in low-income countries, they can garner goodwill and possibly maintain high prices in high-income countries, presenting their case as one of equitable funding.

For middle-income countries, a risk equalisation fund for hepatitis was proposed. This would allow for private health insurance to be offered at a common rate for everyone, with the transfer of payments – from donor subsidies, for example – through a risk equalisation pool run by a neutral party. The question is where to acquire the supplementary money that would be needed for this model to work. The tactic of appealing to donors' self-interest was highlighted in this session. For example, PEPFAR was launched because it was in the self-interest of the United States to promote the purchase of branded drugs and to promote specific ideologies with regards to pregnancy termination and illicit drug use.

It was suggested that adding viral hepatitis to an existing insurance scheme could demonstrate proof of concept. Mobile health needs to be explored as well. An example from Kenya showed that most of the population is transferring funds through mobile phones. How can this be harnessed for hepatitis financing?

Putting it all together: reflections and next steps

As the first WHAC meeting drew to a close, participants turned their attention to how to move forward on the basis of what the innovative discussions had brought to light. A recurrent theme at the meeting was the call to "make the case" for hepatitis C treatment. How does one show return on investment for hepatitis C in relation to the economic costs? At the same time, meeting participants were reminded that while return on investment appears to be fundamental at this stage, human rights considerations must be recognised as well.

A number of possible hepatitis funding strategies and priorities were considered, and it was noted that a pharmaceutical company-funded actuarial case study involving three or four geographically diverse high-prevalence countries would be of interest. There is also a need for an informational resource that draws the entire HCV experience – personal, medical, economic and social – together into one publication.

As for specific next steps, meeting participants pledged to take the following actions by the end of April:

- Representatives of the **World Hepatitis Alliance** said they would follow up with NICE International to gain more clarity about what would be involved in engaging with the International Decision Support Initiative to build the economic case for treatment. WHA also will source someone to prepare a costed publication detailing the full impact of HCV on people's lives.
- **Thierry van Bastelear** agreed to source someone who could do an actuarial study. This will be costed.
- **Christian Mazilu** will approach international banks to gauge their interest in loans. WHA will scope an ethical framework for offering such loans.

With the World Hepatitis Summit rapidly approaching, it is imperative for everyone with an interest in advancing the dialogue about innovative hepatitis funding mechanisms to focus on translating ideas into concrete proposals and action plans. All stakeholders are urged to identify specific contributions they may be able to make in this regard. The World Hepatitis Alliance will continue to facilitate and coordinate activities with the aim of presenting a thoroughly evidence-informed proposal for a visionary economic model at the World Hepatitis Summit.