

Value-Based Healthcare Agreements Collection

Agreement 1: Diabetes Management Outcomes Agreement

Parties: PharmaCorp Inc. and Northeast Regional Health System Country: Canada Disease Area: Type 2 Diabetes Agreement Overview: This innovative value-based agreement focuses on comprehensive diabetes management across a patient population of approximately 2,300 individuals with Type 2 Diabetes. The contract incentivizes sustainable glycemic control, prevention of complications, and holistic patient management rather than simply medication provision. The agreement was developed following a 1-year pilot program that demonstrated 22% reduction in diabetes-related hospitalizations when integrating medication management with lifestyle interventions.

Financial Structure:

- Base reimbursement: \$1,450 per patient per year covering pharmaceutical costs and management
- Performance metrics:
 - 15% bonus if >70% of patients achieve HbA1c <7.0% (measured quarterly through centralized lab testing)
 - 10% bonus if >65% of patients maintain blood pressure <140/90 mmHg (verified through clinical data registry)
 - 12% bonus if hospital admissions for diabetes complications reduce by 25% compared to historical baseline
- Financial risk cap: Maximum downside risk limited to 20% of total contract value (\$667,000 annually)
- Annual rebate of 8% if patient adherence falls below 60% as measured by medication possession ratio
- Additional incentive: \$75,000 innovation fund if manufacturer develops enhanced patient engagement tools

Duration: 3 years with annual assessment and recalibration of targets Special Provisions:

- Includes remote monitoring technology costs (\$220 per patient onboarding)
- Educational program with certified diabetes educators (12 hours per patient annually)
- Quarterly joint steering committee to review performance metrics and program adjustments
- Independent third-party data validation through Canadian Institute for Health Informatics
- Provisions for special populations including elderly patients and those with renal impairment