

# **Comparative Effectiveness Research and Cost Effectiveness**

**Yes, that says Costs**

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# Disclosure – Employment Bias



University of Michigan School of Public Health

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# Disclosure – Association Bias

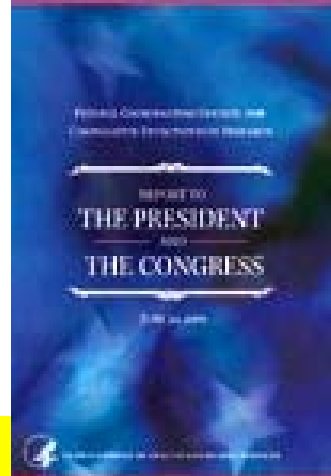
- Member, Executive Committee, Board of Directors
- Member, Finance & Audit Committee, Board of Directors
- Chair, Audit Committee, past Chair, Board of Directors
- Vice-President, Executive Committee, Board of Directors
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# Top 10 Reasons to Consider Costs

- On *Comparative Effectiveness Research* – speaking here is like singing to the choir.
- The Top 10 reasons to consider costs:

# 10. The Federal Coordinating Council Says So



**The prioritization criteria for scientifically meritorious research and investments are:**

- Potential impact (based on prevalence of condition, burden of disease, variability in outcomes, costs, potential for increased patient benefit or decreased harm)
- etc...

Source: Federal Coordinating Council for Comparative Effectiveness Research, Report to the President and the Congress, June 30, 2009. p.5..

# 9. The Institute of Medicine Says So



## IOM Priority Topics Mention Cost in 9 of 100 Cases:

- Localized prostate cancer
- Dementia
- Accountable care systems
- Renal replacement therapies
- Type 2 diabetes
- Multiple sclerosis
- Periodontal disease
- Intractable epilepsy
- Palliative care

Source: Institute of Medicine, Initial National Priorities for Comparative Effectiveness Research, Report Brief, June 2009, p. 4-8.

## 8. Less Than 0.1% Isn't Enough

- The U.S. spends less than 0.1% of the \$2 trillion annual health care expenditures on effectiveness research, and a much smaller amount on comparative effectiveness research.
- Comparative effectiveness refers to the evaluation of the relative (clinical) effectiveness, safety, and cost ...

Source: American College of Physicians. Improved Availability of Comparative Effectiveness Information: An Essential Feature for a High Quality and Efficient United States Health Care System. Philadelphia; 2008: Position Paper, p.2..



# 7. We Can Talk About Rationing

## ObamaCare Is All About Rationing

- The president has emphasized the importance of limiting services to “health care that works.”
- Comparative effectiveness could become the vehicle for deciding whether each method of treatment provides enough of an improvement in health care to justify its cost.



# Some Like NICE: Osteoarthritis

Description	Annual £000s
Topical NSAIDs	8,452
Proton pump inhibitors	10,445
Invasive treatment for knee osteoarthritis	-23,614
Oral NSAIDs	-2,536
<b>Net annual cost/savings (-)</b>	<b>-7,253</b>

Source: National costing report: Osteoarthritis Costing report, Implementing NICE guidance, NICE clinical guidance 59, February 2008



# Some Still Like NICE: Atopic Eczema

Description	Annual £000s
Emollients	24,501
Topical calcineurin inhibitors	1,370
Indications for referral	1,744
Reduced topical corticosteroids / topical antibiotics	-6,097
<b>Net annual cost/savings (-)</b>	<b>21,518</b>

Source: National costing report: Atopic eczema in children, Costing report, Implementing NICE guidance, NICE clinical guidance 57, 2008.



# Some Don't Like NICE: Kidney Cancer

Agent	Years	QALYs	£ /QALY
Bevacizumab	0.34	0.27	171,301
Sorafenib	0.30	0.23	102,498
Temsirolimus	0.45	0.24	94,385
Sunitinib	0.53	0.44	71,462

Source: Bevacizumab, sorafenib, sunitinib and temsirolimus for renal cell carcinoma: A systematic review and economic evaluation. JT Coon et al., May 2, 2008. p.154,165.



# Controversy, Thy Name is QALY

- Both the traditional medical measures and the patient's perspective can be considered surrogate measures; whereas survival time or quality-adjusted life-year (QALY) can be considered the ultimate measure of the effectiveness of a treatment.

Source: Marilyn Dix Smith RPh, PhD, Founder & Executive Director, International Society for Pharmacoeconomics & Outcomes Research. Statement Before the IOM's Committee on Comparative Effectiveness Research Priorities, March 20, 2009.



## 6. Insurers Say So

- Better understanding of the strength of the evidence, the benefits, risks and costs associated with each treatment and how therapies compare to each other will result in safer, higher quality care.

# Maybe Not All Insurers

- First, focus research on high impact areas.
- Second, consider cost only when the comparative effectiveness research shows that two alternatives are clinically equivalent.

Source: Douglas R. Hadley, MD, Medical Officer, CIGNA, Director, Coverage Policy Unit. Statement Before the IOM's Committee on Comparative Effectiveness Research Priorities, March 20, 2009.



## 5. Its in the Definition of Comparative Effectiveness

- Comparative effectiveness research examines the relative cost and efficacy of medical procedures in one hospital or region of the country contrasted with another hospital or region, in the hopes of forcing down costs in the more expensive areas.

*Really?*

Source: Decoding the health care debate — a glossary. By Tom Curry, National affairs writer, msnbc.com, updated 4:18 p.m. ET, Tues., Aug 11, 2009.



## 4. Doctors Say So

- Recommends both comparative clinical and cost-effectiveness data to insure the most effective and efficient use of limited health care resources.

Source: American College of Physicians,. Information on cost-effectiveness: An essential product of a national comparative effectiveness program. [Annals of Internal Medicine](#), 148 (12), June 2008.





# Maybe Not All Doctors

- Comparative effectiveness research that starts with a cost containment goal will not lead to studies that answer these questions and will likely result in misapplication of findings in order to achieve cost-cutting objectives.

### 3. Technology Companies Say No

- The research pursued should be clinical effectiveness research, not cost effectiveness.

## 2. Cost Decisions Are Difficult

- How do you compare two molecules that perform differently depending on a patient's personal genetic make-up?
- Comparative Research often leads to a “one-size-fits-all” approach to treatment.
- The concept behind comparative effectiveness research is good, but the tools aren't.

Source: In determining healthcare cost, one size doesn't fit all.

<http://blogs.reuters.com/great-debate/> Posted by: Peter J. Pitts, July 29, 2009.



# Diabetes Case Shows Pitfalls of Treatment Rules

- “This was a case in which the advocates of a disease got caught up in their disease rather than the interests of patients,” said Dr. Hayward, a diabetes expert at the University of Michigan who had opposed the benchmark.



Source: Diabetes Case Shows Pitfalls of Treatment Rules. Barry Meier, New York Times, August 18, 2009page B1, New York edition.

# Do it once, Then Do it again

- The comparative effectiveness, safety, patient utility, provider proficiency, and costs associated with interventions often evolve in practice, calling for a CER capacity to monitor, reframe, and revisit certain priority topics.

Source: Clifford Goodman, PhD, Senior Vice President, Lewin Group. Statement Before the IOM's Committee on Comparative Effectiveness Research Priorities, March 20, 2009.



# And the #1 Reason to Consider Costs



- An opportunity for economists to talk about something other than unemployment and inflation