Comparative Effectiveness – A Key to Health Care Reform

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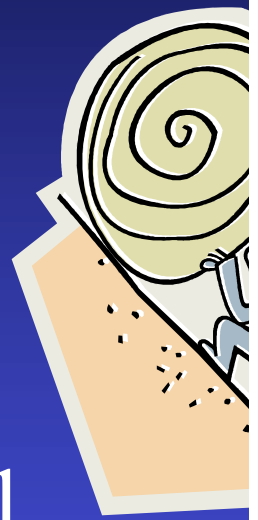
We All Agree on the Problems

- Unsustainable spending growth
- Lots of problems with patient safety
- Lots of problems with quality/clinical appropriateness



And, of course—the uninsured

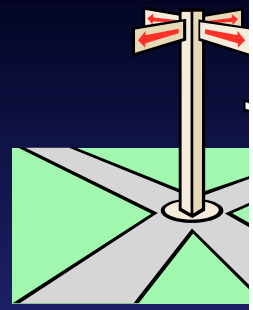
Slowing Spending/Improving Value is Critical

- ↑ in spending is biggest driver of uninsured
- Improved value/slower growth will facilitate coverage expansions
- Rising health care costs putting huge pressures on Employers, Employees, Federal Budget

What We Know

- ***Huge*** variations in care exist
- Spending ***more*** **not** the same as ***more quality***
- Spending growth partly relates to technology grow need to learn how to "***spend smarter***"
- Spending growth largely related to growth in chron disease, need to learn how to "***treat smarter***"

To Change Where We Are…



- We need to ***measure better***
  - -- need a "score-card"
  - -- quality, efficiency, "patient-centeredness"
- We need ***better information***
- We need to ***change*** the ***incentives***
  - -- ***Medicare*** – 25 years getting it exactly ***wron***
  - -- ***Private Sector*** – not much better

Better Data is Starting to be Available

- "Hospital Compare" - public data
- New P4P measures being collected for docs
  Really P4R, started July 1, 2007
- JCAHO "Quality Check" – Public reporting

Need *More* Data; *Better* Data

Means a major investment in

Comparative Effectiveness information

That is … Information on…

"What works when, for whom, provided by…"

also…

Recognition that "technology" is rarely ***always*** effective or ***never*** effective

CCE Needs the Right Focus

Elemental building blocks to "spending smarter"

- Focus on ***conditions*** rather than ***interventions/therapeutics***;
  procedures, not just Rx and devices
- Invest in what is not yet known; use what is known more effectively

Dynamic Process…

Role of IT in CCE

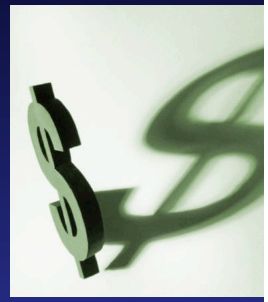
- Health IT is a major ***enabler***
  - -- EMR would facilitate analysis from existing variation
  - -- Selection bias and other statistical concerns more easily resolved with IT

But ***NOT*** a silver bullet!

How to Bring in Cost-Effectiveness

- Fund cost-effectiveness studies with same funding stream as CCE
- Strong preference to keeping activities separate
  -- at AHRQ or CMS or wherever
- CMS needs new authority to use C/E
  -- reimbursement vs. coverage
- Private payers can fund additional C/E studies
  -- universities; free standing centers

"Spending Smarter" Also Means Better Incentives



- Need to realign financial incentives
- Reward institutions/clinicians who provide high quality/efficiently produced care
- Use "value-based" insurance and "value based" purchasing
- Reward healthy lifestyles by consumers

Will Better Information, Better Information Systems and Better Incentives --

- Improve Values?

  Yes, should improve values

- Moderate spending growth rates?

Should – but don't know for sure

Better than the Alternatives!

What Next?

- Strong Congressional interest
  - -- Baucus/Conrad bill
  - -- Previous House bills
- Stimulus package includes $1.1 billion for CE

2009 is the ***start***!