Comparative Effectiveness: Opportunities for Improved Value
Innovation: The Challenges
Examples of comparative effectiveness research (CER)

- **Prospective head-to-head trials**
  - Stents vs. medical management for stable coronary artery disease
  - Old anti-hypertensive drugs better than new ones

- **Systematic evidence review and cost-effectiveness**
  - Drugs and surgery equally effective for GERD
  - Drugs for Alzheimer’s minimally effective and not cost-effective
A greater federal role in CER?

- $2.1 trillion vs. $15 million
- Global experience with national review bodies
- CBO, MedPAC, health plans, policy experts
- House, Senate, Clinton, Obama proposals
  - Public-private entity comparing “technologies”
  - $300-$500 million
  - Evidence analysis and evidence development
  - Structure, governance, funding?
  - Product: reports vs. recommendations?
What are states doing now?

- **Drug Evaluation Research Project (DERP)**
  - Drug class review

- **Medicaid Evidence-Based Decisions Project (MED)**
  - Procedures, diagnostics, care management

- **Washington State Health Care Authority**
  - Judging clinical and cost-effectiveness
How can CE information be used?

- Disseminated to patients
- Disseminated to clinicians

How can public and private insurers use the information?

- Cover/non-cover decisions
- Patient-clinician decision support
- Physician group compensation (P4P)
- Reimbursement policy
- Value-based insurance design
Institute for Clinical and Economic Review (ICER)

Comparative Clinical Effectiveness

- Superior A
- Incremental B
- Comparable C
- Unproven/P U/P
- Insufficient I

Comparative Value

- a High
- b Reasonable/Comparable
- c Low
Comparative Value Rating

- **Value** = cost for additional benefit
- **Cost per outcomes**
  - Per stroke prevented
  - Per case of cancer prevented
  - Per additional year of life gained
  - Per quality-adjusted year of life gained
# ICER Integrated Evidence Rating

## Comparative Clinical Effectiveness

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ICER Appraisal: IMRT vs. 3D-CRT

- **Background**
  - Potential benefits/harms of IMRT
  - Coverage
  - Reimbursement: $42,000 vs. $10,000
  - Budget impact
Key Findings: IMRT vs. 3D-CRT

- Not better at curing cancer or prolonging life
- Decreased risk of moderate proctitis
  - 2-4% vs. 14-16%
- Cost of preventing one case of proctitis
  - $300,000
- Cost per additional quality-adjusted year of life
  - $700,000
## Integrated Evidence Rating

**IMRT and Brachytherapy vs. 3D-CRT**

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### Comparative Value

- **a**: High
- **b**: Reasonable/Comparable
- **c**: Low
From CER to Medical Policy

Brachytherapy (Ba) → Premium price
0% co-pay
++ Pay for performance

IMRT (Bc) → Lower reimbursed price
20% co-pay
-- Pay for performance
Washington State HCA decision
CT Colonography vs. optical colonoscopy
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### Comparative Value

- **High**
- **Reasonable/Comparable**
- **Low**
What can states do to move forward?

- Develop trusted sources -- ? Federal entity
- Develop approaches to apply CER now via innovative policies other than cover/no-cover
- Where to start? Go after low hanging fruit:
  - Not life or death for the patient
  - Not life or death for the physician specialty
  - Reasonable alternatives, time to think
- Build the foundation for honest public dialogue