

THE APPROPRIATENESS OF THE COST PER QALY  
IN THE DECISION-MAKING PROCESS

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A US PERSPECTIVE:  
THINGS WE BELIEVE IN

- In the US, there are many things that we believe in . . . .

A US PERSPECTIVE:  
THINGS WE BELIEVE IN (CONT.)

- We believe in cowboys . . .



A US PERSPECTIVE:  
THINGS WE BELIEVE IN (CONT.)

- . . . and big houses . . .



A US PERSPECTIVE:  
THINGS WE BELIEVE IN (CONT.)

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- ... and baseball ...



A US PERSPECTIVE:  
THINGS WE BELIEVE IN (CONT.)

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- ... and fast cars.



A US PERSPECTIVE:  
OTHER THINGS WE BELIEVE IN

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- We also are a land of magical thinking ...

A US PERSPECTIVE:  
OTHER THINGS WE BELIEVE IN (CONT.)

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- We believe in the Magic Kingdom ...



A US PERSPECTIVE:  
OTHER THINGS WE BELIEVE IN (CONT.)

- . . . the tooth fairy . . .



A US PERSPECTIVE:  
OTHER THINGS WE BELIEVE IN (CONT.)

- . . . Superheroes . . .



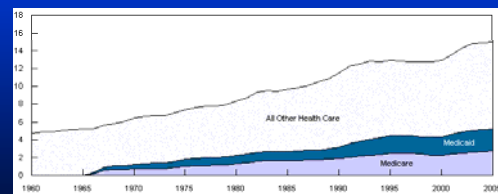
A US PERSPECTIVE:  
OTHER THINGS WE BELIEVE IN (CONT.)

- . . . and that we should be able to consume as much healthcare as we want



A US PERSPECTIVE:  
THIS IS A FINE MESS WE'RE IN

- As a consequence, US currently spends ~18% of GDP on healthcare—and figure is climbing



A US PERSPECTIVE:  
HEALTHCARE RATIONING

- Healthcare rationing is a “dirty” word in the US

A US PERSPECTIVE:  
MEDICARE COVERAGE DECISIONS

- Medicare program has been prohibited from using cost-effectiveness criteria in coverage decisions:
  - New technologies are evaluated based on their effectiveness only
  - Encourages consumption until marginal benefit is zero

A US PERSPECTIVE:  
HEALTHCARE REFORM LAW

- Patient Protection and Affordable Care Act of 2010:
  - The Patient-Centered Outcomes Research Institute . . . Shall not develop or employ a dollars per quality adjusted life year (or similar measure that discounts the value of an individual’s disability) as a threshold to establish what type of health care is cost effective or recommended. The Secretary (of Health and Human Services) shall not utilize such an adjusted life year (or such a similar measure) as threshold to determine coverage, reimbursement, or incentive programs . . .“

A US PERSPECTIVE:  
WHERE WE’RE GOING

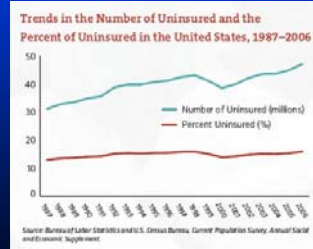
- CBO estimates that, without significant change in policy, total healthcare spending in US will rise to:
  - 25% of GDP in 2025
  - 37% of GDP in 2050
  - 49% of GDP in 2082

**A US PERSPECTIVE:  
BUDDY, CAN YOU SPARE A CATHETER?**

- US *is* increasingly rationing healthcare
- Rationing is just happening in ways that do not involve explicit, evidence-based decisions about value of specific medical interventions

**A US PERSPECTIVE:  
BUDDY, CAN YOU SPARE A CATHETER? (CONT.)**

- In 2009, there were >50 million persons in US without health insurance



**A US PERSPECTIVE:  
THE BLOWBACK**

- People severely injured in car accidents who have no insurance receive 20% less care, and are 37% more likely to die (Doyle, MIT)
- It has been estimated that as many as 20K persons may die annually in US due to lack of health insurance

**A US PERSPECTIVE:  
THE BLOWBACK (CONT.)**

- In recent survey, more than 50% of Americans reported not filling an Rx, not visiting an MD when sick, or not getting recommended care:
  - > United Kingdom, 13%
  - > Holland, 7%
- More than 60% of all personal bankruptcies in US are due to illness, often medical bills

**A US PERSPECTIVE:  
NOTHING IS AS IT SEEMS**

- Even among those with health insurance, care is now increasingly rationed through various market-based mechanisms:
  - Cost-shifting – eg, copays, coinsurance
  - Supply constraints and long queues
  - Price controls that restrict supply – eg, low payments to doctors & hospitals

**A US PERSPECTIVE:  
RIPPLES IN THE POND**

- US hospital admissions declined by 0.4% in 2010 (Moody's, Sept. 8, 2011):
  - Patients deferring care due to economic conditions and increasing out-of-pocket costs
- Patient visits to MD offices declined by 4.2% in 2010 (IMS, 2011)
- 3.4M fewer patients began new Rx for chronic conditions (IMS, 2011)

**A US PERSPECTIVE:  
SO ARE WE HAPPY WITH THE OUTCOME?**

- Care is being rationed in US—question is whether it is resulting in efficient allocation of health resources and acceptable health outcomes

**A US PERSPECTIVE:  
LAW OF UNINTENDED CONSEQUENCES**

- Frédéric Bastiat (French economist, 1850):
  - “There is only one difference between a bad economist and a good one--the bad economist confines himself to visible effects, the good one takes into account both seen and unseen effects”

**A US PERSPECTIVE:  
WHOOPS!**

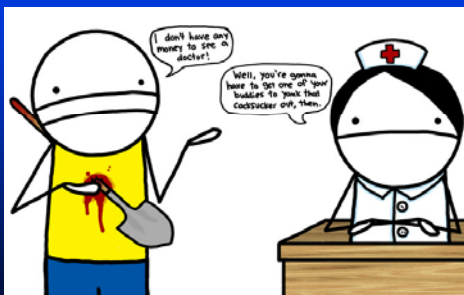
- Maine Medicaid instituted prior authorization for newer antipsychotic medications for patients with schizophrenia (Soumerai 2008):
  - Patients with schizophrenia experienced more frequent interruptions in treatment after implementation of program
  - Gaps in medication use often result in recurrence of psychotic episodes and higher hospitalization rates and costs for these patients
  - While policy was designed to cut costs, savings were minimal at best

**A US PERSPECTIVE:  
AN UNHAPPY COMPARISON**

- By any measure, Americans should not be happy with the outcome

	HEALTH SPENDING PER CAPITA	HEALTH COSTS COVERED BY GOVERNMENT	PERCENT GDP SPENT ON HEALTH CARE	INFANT DEATHS PER 1,000	AVERAGE LIFE EXPECTANCY
JAPAN	\$2,581	81.3%	8.1%	3	83
NETHERLANDS	\$3,481	80%	9.4%	4	80
CANADA	\$3,673	70.4%	10%	5	81
U.S.	\$6,719	45.8%	15.3%	7	78
MEXICO	\$778	44.2%	6.6%	29	74

**A US PERSPECTIVE:  
IS ANYBODY SMILING?**



**A US PERSPECTIVE:  
H.L. MENCKEN AND HERB STEIN'S LAW**

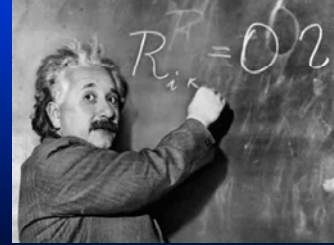
- H.L. Mencken (journalist/critic, 1920s):
  - “Nobody ever went broke underestimating the intelligence of the American public”
- Herb Stein (former Chair, President’s Council of Economic Advisers):
  - “If something cannot go on forever, it will stop”

A US PERSPECTIVE:  
DO WE HAVE ANYTHING TO OFFER?

- US healthcare system is broken, and getting worse – high costs, problems with access, suboptimal outcomes
- Do we have something better to offer?
  - Is cost-per-QALY based decision making the answer?

A US PERSPECTIVE:  
IS COST PER QALY THE ANSWER?

- Will it lead us to this?



A US PERSPECTIVE:  
IS COST PER QALY THE ANSWER?

- Or this?

