Use of Economic Evaluation for Policy Making in Japan

Pharmacoeconomics and Outcomes Research in Asia: What is Next?
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Medical Expenditure in Japan

Public health insurance scheme covers whole population.
Health insurance bodies consist of occupational based and community based.

In 2010,
Annual Medical Expenditure : JPY 37,420 billion

7.8% of GDP
Finance: 49% insurance premium
38% general tax
13% co-payment
Health Insurance Coverage and Pricing

• Health insurance coverage decision and reimbursement prices are determined by the Ministry of Health, Labour and Welfare (MHLW), not depend on health insurance bodies.

• Prices are revised every two years.

• MHLW has to consult with Central Social Insurance Medical Council (Chu-I-Kyo.)

Central Social Insurance Medical Council (Chu-I-Kyo)

7 representatives from health care insurers
   employees health insurance, community based health insurance

7 representatives from health care providers
   physicians, dentists, pharmacists

6 representatives from public academia
Current Issues of Medical Expenditure in Japan

• Increasing expenditure because of not only population ageing but also innovation of new technologies.
• New advanced diagnostic and treatment technologies have been introduced.
• If insurance premiums or tax funding are limited, we have to consider efficient use of health care budget.

Indices of National Medical Expenditure and High Cost Medical Care Benefit (1998=100)

1. High cost medical care benefit decreased in 2001 because monthly upper limit of patient's co-payment was revised for high income beneficiaries.
2. High cost medical care benefit increased largely in 2003 because 10% co-payment was introduced for the elderly patients in 2002 and co-payment rate was raised from 20% to 30% for workers.
Use of Economic Evaluation Data

From 1992, pharmaceutical companies are allowed to attach the results of economic evaluation to the new drug application dossier. It is not mandatory and there are no guidelines for the methods of study.

For medical devices procedures, approximate cost estimation should be attached.

Economic Evaluation Results attached to the New Drug Application Dossier

Debate at Chu-I-Kyo

In 2010, a member of Chu-I-Kyo from academia mentioned it should make a decision based on economic evaluation.

In 2011, drug pricing subcommittee proposed to adopt economic evaluation for decision making in the future.

In 2012, a new committee on cost-effectiveness evaluation was established.

Cost Effectiveness Evaluation Committee

In April 2012, a new committee on cost-effectiveness evaluation was established under Chuikyo.

Members of the Committee
- 6 health care insurers
- 6 health care providers
- 4 public
- 4 industry
- 3 experts
Issues to be discussed at the Cost-Effectiveness Evaluation Committee

(1) Basic concept of system
   ① Principles of target technologies
   ② Principles of application of results

(2) Operational process of cost effectiveness evaluation
   ① Evaluation methods
      1) Perspective and extent of costs
      2) Health outcome measurement (such as QALY)
      3) Comparators
      4) Data handling etc.

   ② Application of results
      1) Application for pricing decision
      2) Application for health insurance coverage decision

Agreed in the Committee

Prioritized technologies to be evaluated

1. Not for rare diseases.
2. Existence of alternative health technology
3. Large financial impact
4. Evidence of efficacy and safety

Reimbursement decision and pricing should not just be based on cost-effectiveness analyses. Other factors must be considered.
Issues to be discussed in Committee

1. Methodological Issues
   (1) Perspectives and the extent of cost
   (2) Outcome measurement (use of QALY)
   (3) Choice of comparator
   (4) Common data sources and use of foreign data

2. Use of economic evaluation results
   (1) Insurance coverage decision
   (2) Reimbursement price

Timing of Evaluation

Possible Timing of Evaluation

(1) At the point of approval

(2) 1 or 2 years from the approval

(3) Several years later from the approval
Assessment, Appraisal, and Decision-making

- Analyses of Efficacy, Safety, Cost-Effectiveness
- Interpretation of the Results
- Consideration of other factors, such as ethical and social factors
- Final Decision of Reimbursement and Pricing

Vision and Issues

Next reimbursement price revision: April 2014

Issues
- Formal process of HTA
- Organization of HTA
- Evaluation guideline
Recent Movement in Academia

Education
Pharmacy Schools
School of Public Health

ISPOR (International Society for Pharmacoeconomics and Outcomes Research)
Japan Chapter established in 2005
annual meeting, training sessions

Members of ISPOR Japan Chapter

(Number of members)

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