

Cost-minimization: Consequences of using the lowest cost comparator over the weighted average cost (WAC)

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INTRODUCTION

- ▶ *Institut National d'Excellence en Santé et Services Sociaux* (INESSS) is the health technology assessment (HTA) agency that issues recommendations for drug listings specifically to the Minister of Health in the province of Quebec, in Canada.
- ▶ These recommendations consider an overall assessment of value including the relationship between cost and effectiveness to support decision-making. When assessing a drug with non-incremental efficacy and safety compared to relevant comparators, INESSS performs a cost minimization analysis (CMA). In this type of analysis, the cost of treatment is only comparative element.
- ▶ When multiple comparators are present, INESSS uses their weighted average cost (WAC) to determine cost-efficiency and to develop the recommended price reduction for the intervention under evaluation. The WAC is calculated using reimbursement claims adjudicated by the public payor, the *Régie de l'assurance maladie du Québec* (RAMQ). These medico-administrative data are then used to estimate the respective proportions, potentially reflecting clinician and patient preferences.
- ▶ The WAC approach is not commonly used by HTA agencies for CMA. Moreover, it does not always minimize total costs and may yield different outcomes compared to the least expensive comparator.

OBJECTIVES

This project aimed to assess the economic impact of using the WAC approach versus the least-cost comparator approach for relevant CMAs conducted between January 2020 and July 2024.

METHODS

- ▶ A retroactive review of INESSS's reimbursement recommendations between January 2020 and July 2024 was conducted.
- ▶ The WAC and lowest-cost values were extracted by product and aggregated by year of the recommendation.
- ▶ Using these results, the relative cost difference between the two methods was calculated for each recommendation, and the annual average relative cost difference was determined.

RESULTS

- ▶ Between January 2020 and July 2024, INESSS has issued 398 recommendations.
- ▶ CMAs were conducted in 126 recommendations across all therapeutic areas to evaluate the cost-efficiency of new drugs.
- ▶ Of these, 31 (~25 %) were designed to include multiple comparators to which the WAC method was applied (figure 1).
- ▶ In 2021, the average relative cost difference when using the least-cost comparator instead of the WAC ranged from 17% to 27 % across 4 evaluations.
- ▶ In both 2022 and 2023, an equal number of CMAs were identified with multiple comparators. For these, the average relative cost difference ranged from 7% to 47 % in 2022 and from 1% to 64 % in 2023.
- ▶ Among 10 CMAs with multiple comparators in 2024, an average relative difference of 1% to 28 % was observed.
- ▶ An average relative cost difference of approximately +20 % (ranging from 14% to 28%), was noted when compared with the least-cost approach (Figure 2).

Figures 1 and 2: Number of relevant CMAs with multiple comparators and average relative cost difference using the lowest cost comparator over WAC approach

Figure 1

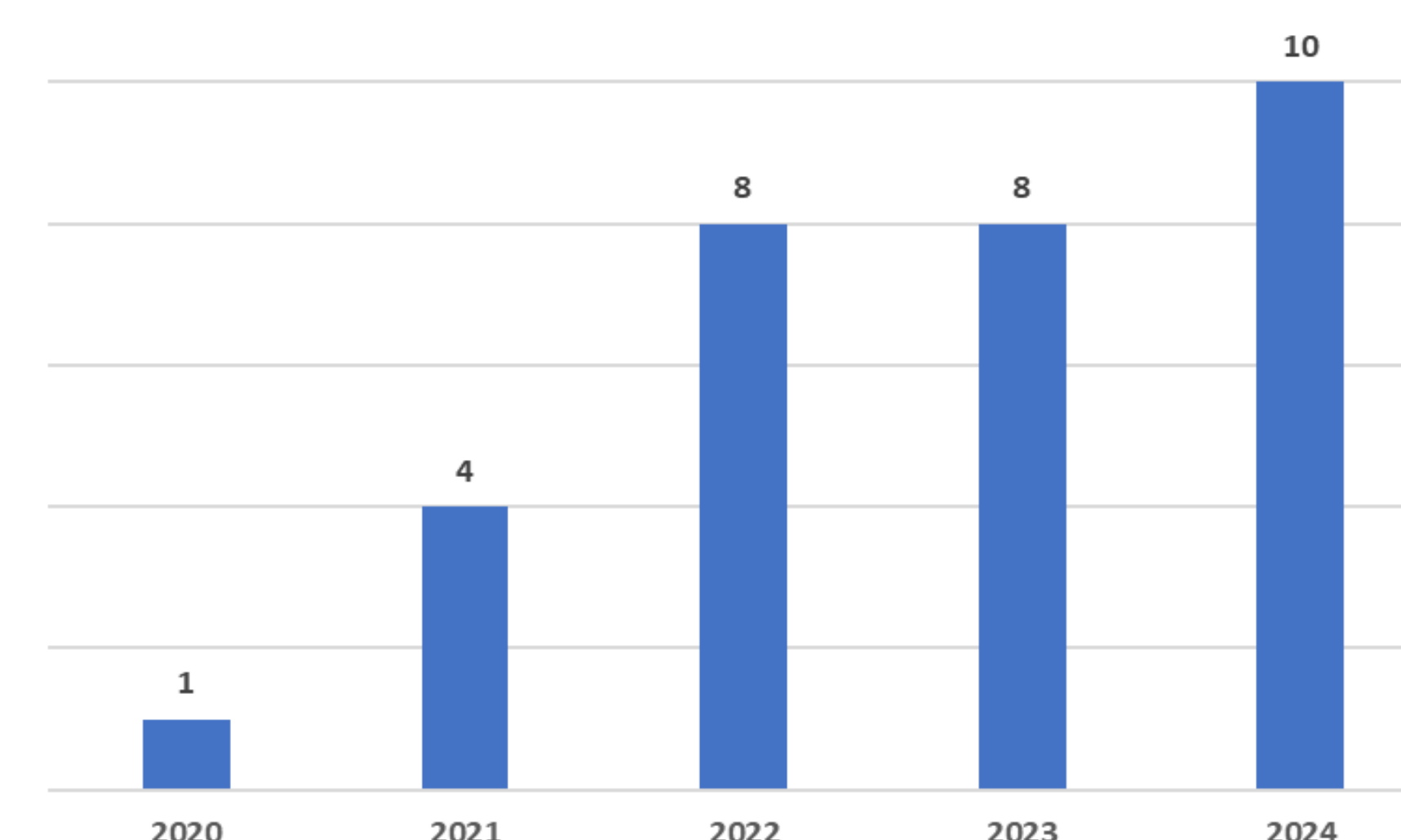
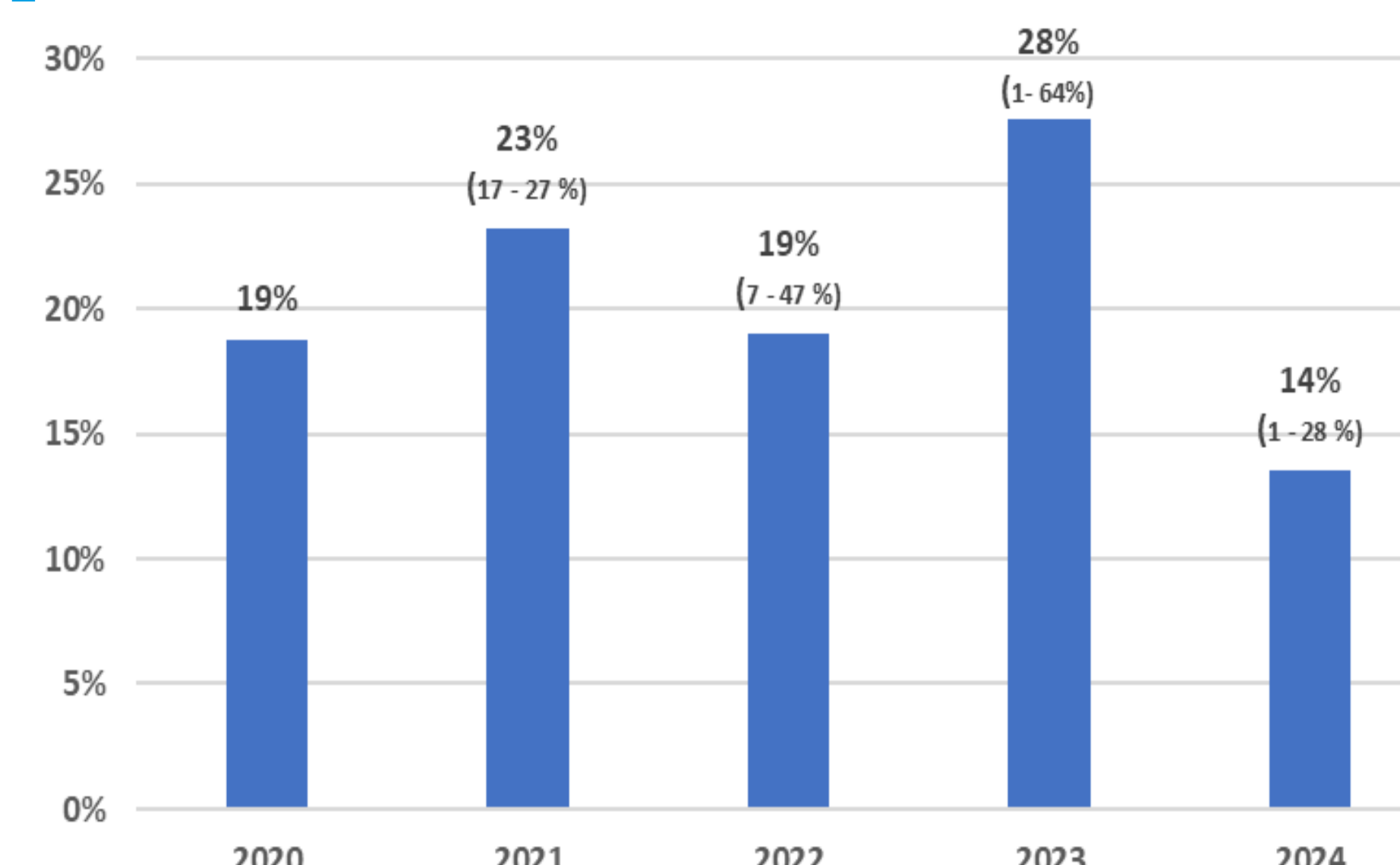


Figure 2



CONCLUSION

This project highlights the cost differences that can arise from the use of two different approaches in the context of a CMA. The results show that using the WAC method generally increases the average cost of the comparators, which in turn leads to recommendations for lower price reductions. Since August 2024, INESSS's economic conclusions are now primarily based on the least-cost comparator approach. This shift allows a drug to be considered cost-effective when it provides similar health outcomes without incurring additional financial burden. However, INESSS continues to present results based on the WAC approach to support decision-making.

REFERENCES

INESSS (Quebec) : <https://www.inesss.qc.ca/thematiques/medicaments/medicaments-evaluation-aux-fins-dinscription/avis-au-ministre.html>

