Novel Approaches to Value Assessment, Within the Cost-Effectiveness Framework

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Panelists

• Lou Garrison, PhD, University of Washington, Seattle, WA, USA
  “An Introduction”

• Jeroen Jansen, PhD. Innovation and Value Initiative, Los Angeles, CA, USA
  “Moving beyond conventional cost-effectiveness analysis?”

• Nancy Devlin, PhD, Office of Health Economics, London, UK
  “Extending the scope of patient-reported outcomes and QALYs”

• Susan Griffin, PhD, University of York, York, UK
  “Distributional cost-effectiveness analysis (CEA)”

DISCUSSION

Overall Objective of Special Task Force

The Special Task Force (STF) will produce a scientific policy white paper that reviews relevant perspectives and appropriate approaches and methods to support the construction and use of high-quality health care value frameworks that will enable more efficient health sector decision making in the US.
Expert Advisory Board survey question: Do you believe that cost-utility analysis is a valid approach for measuring the value of healthcare interventions?

83% responded “yes” but most noted qualifications:
1. CUA contains limitations or is incomplete (n=5)
2. CUA is one of many possible approaches (n=3)
3. The approach must utilize appropriate measures (n=3)

Key suggested alternatives to CUA included:
• Expanded/extended/enhanced/modified CUA analysis (n=4)
• Value assessment focused on willingness to pay (WTP) (n=2)
• Alternatives to CUA (eg, multi-criteria decision analysis) (n=2)
**ISPOR Special Task Force on US Value Assessment Frameworks**

**Leadership Group**
- **Lou Garrison, PhD** (co-chair) - University of Washington, Seattle, WA, USA
- **Peter J. Neumann, ScD** (co-chair) - Tufts University School of Medicine, Boston, MA, USA
- **Richard J. Willke, PhD** (CSO) - ISPOR, Lawrenceville, NJ, USA

**Members**
- **Anirban Basu, PhD** - University of Washington, Seattle, WA, USA
- **Patricia M. Danzon, PhD** - The Wharton School, University of Pennsylvania, Philadelphia PA, USA
- **Jalpa Doshi, PhD** - University of Pennsylvania, Philadelphia PA, USA
- **Michael Drummond, MCom, Dphil** - University of York, York, UK
- **Darius Lakdawalla, PhD** - University of Southern California, Los Angeles, CA, USA
- **Mark V. Pauly, PhD** - The Wharton School, University of Pennsylvania, Philadelphia PA, USA
- **Charles E. Phelps, PhD** - University of Rochester, Gualala, CA, USA
- **Scott D. Ramsey, MD, PhD** - University of Washington, Seattle, WA, USA
- **Adrian Towse, MA, MPhil** - Office of Health Economics, London, England, UK
- **Milton C. Weinstein, PhD** - Harvard University, Cambridge, MA, USA

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**ISPOR Initiative on US Value Assessment Frameworks**

**STF Final Report Feb 2018**

1. **A Health Economics Approach to US Value Assessment Frameworks—Introduction:** An ISPOR Special Task Force Report
   - Peter J. Neumann, Richard J. Willke, Louis P. Garrison Jr

2. **An Overview of Values, Perspectives, and Decision Context—A Health Economics Approach:** An ISPOR Special Task Force Report
   - Louis P. Garrison Jr, Mark V. Pauly, Richard J. Willke, Peter J. Neumann

3. **Defining Elements of Value in Health Care—A Health Economics Approach:** An ISPOR Special Task Force Report
   - Darius N. Lakdawalla, Jalpa A. Doshi, Louis P. Garrison Jr, Charles E. Phelps, Anirban Basu, Patricia M. Danzon

4. **Objectives, Budgets, Thresholds, and Opportunity Costs—A Health Economics Approach:** An ISPOR Special Task Force Report
   - Patricia M. Danzon, Michael F. Drummond, Adrian Towse, Mark V. Pauly

5. **Approaches to Aggregation and Decision Making—A Health Economics Approach:** An ISPOR Special Task Force Report
   - Charles E. Phelps, Darius N. Lakdawalla, Anirban Basu, Michael F. Drummond, Adrian Towse, Patricia M. Danzon

   - Richard J. Wilke, Peter J. Neumann, Louis P. Garrison Jr, Scott D. Ramsey

What is “Value”?

• From an economic perspective:
  – Value is what someone is (actually) willing to pay or forgo to obtain something (opportunity cost)

• Implications:
  – Varies across individuals, across indications for the same medicine, and dynamically over time (as more evidence becomes available and competitors emerge).
  – Difficult to measure in health care because of insurance
  – In principle, we would ask a plan member about their willingness to pay the incremental insurance premium (or taxes). In practice, the amount is too small to be estimated reliably.

Recommendations of the ISPOR Special Task Force on US Value Assessment Frameworks
Final Report
February 2018
Recommendation II: Base health plan coverage and reimbursement decisions on an evaluation of the incremental costs and benefits of healthcare technologies as is provided by cost-effectiveness analysis.

1. Cost-per-QALY analyses have strengths and limitations

2. Frameworks that focus on coverage/reimbursement should consider cost per QALY, as a starting point

3. Consider elements not normally included in CEAs (e.g., severity of illness, equity, risk protection) but more research needed.

Thanks for your attention!

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