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



Novel Approaches to Value Assessment Within the Cost-Effectiveness Framework: An Introduction

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Oct 19, 2018

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The Comparative Health Outcomes, Policy, and Economics
(CHOICE) Institute
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Seattle WA 98195

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

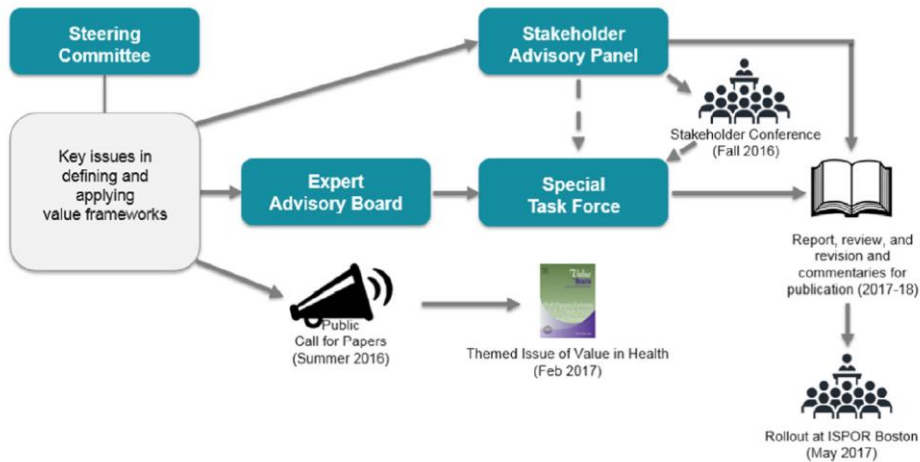
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Overall Objective of Special Task Force

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.

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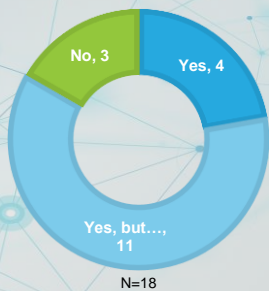
ISPOR Initiative on US Value Assessment Frameworks



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Source: STF Final Report, Section 1 (Neumann et al, Value Health, Feb 2018)

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)
 Peter J. Neumann, ScD (co-chair)
 Richard J. Willke, PhD (CSO)

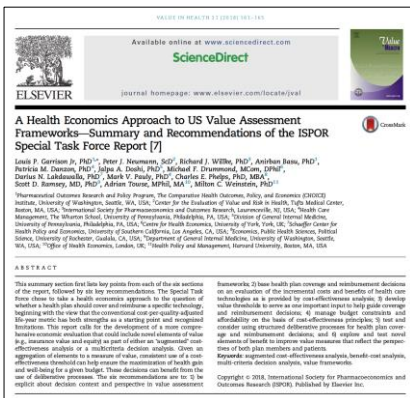
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Members

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 Adrian Towse, MA, MPhil
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 University of Washington, Seattle, WA, USA
 Office of Health Economics, London, England, UK
 Harvard University, Cambridge, MA, USA

ISPOR Initiative on US Value Assessment Frameworks STF Final Report Feb 2018



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

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

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

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

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

Review of Recent US Value Frameworks—A Health Economics Approach: An ISPOR Special Task Force Report [6]
Richard J. Willke, Peter J. Neumann, Louis P. Garrison Jr, Scott D. Ramsey

A Health Economics Approach to US Value Assessment Frameworks—Summary and Recommendations of the ISPOR Special Task Force Report [7]
Louis P. Garrison Jr, Peter J. Neumann, Richard J. Willke, Anirban Basu, Patricia M. Danzon, Jalpa A. Doshi, Michael F. Drummond, Darius N. Lakdawalla, Mark V. Pauly, Charles E. Phelps, Scott D. Ramsey, Adrian Towse, Milton C. Weinstein

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 (eg, severity of illness, equity, risk protection) but **more research needed.**

1. A central tenet in economics is to compare incremental costs and benefits in decision making. CEA and, in particular, cost-per-QALY analysis have many demonstrated strengths—and some recognized limitations; they are well established in health economics and used by decision makers in health systems worldwide.
2. Value assessment frameworks that focus on health plan coverage and reimbursement decisions should consider CEAs, as measured by cost per QALY, as a starting point to inform payer and policymaker deliberations. In many instances, the cost-per-QALY metric can serve well as the core component of these assessments.
3. Elements of costs and benefits not normally included in CEA that affect individual well-being (such as severity of illness, equity, and risk protection) may be relevant for some health plan decisions; more research is, however, needed on how best to measure and include them in decision making.

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Source: STF Final Report Section 7 (Garrison, Neumann, et al, Value Health, Feb 2018)

STF Report Section 3: The Case for Augmented Cost-Effectiveness Analysis and Net Monetary Benefit

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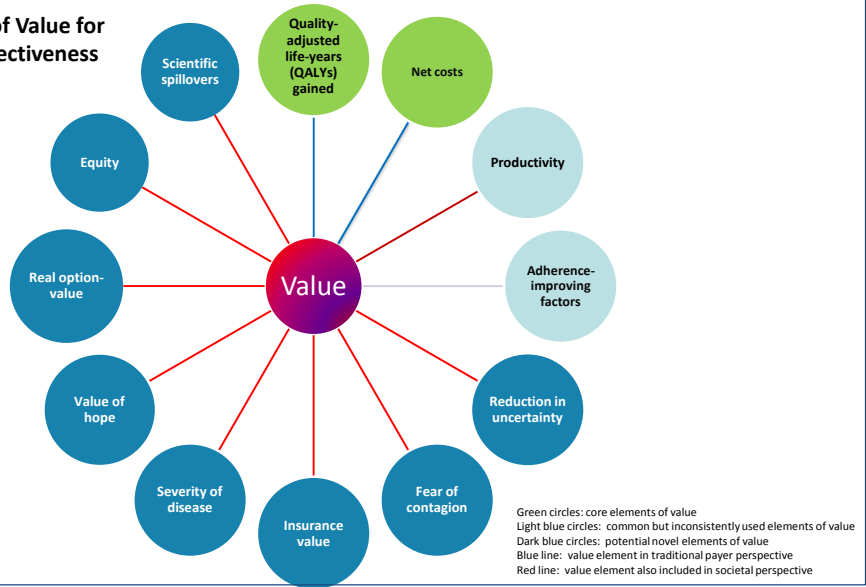
Defining Elements of Value in Health Care—A Health Economics Approach: An ISPOR Special Task Force Report [3]



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Potential Elements of Value for Augmented Cost-Effectiveness Analysis (ACEA)



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Thanks for your attention!

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