

The proper role of efficiency in “priority setting” in health care



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Topics

- What is “priority setting”? Is it the right task?
- What is efficiency?
 - The new German approach to HTA
 - Why not cost/QALY?
- What is its proper role in health care decisions?

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LIFE IN THE BALANCE

How do researchers and policy-makers decide on the value of health?

Daniel Cressey looks at Britain’s National Institute for Health and Clinical Excellence.



UK- NICE

- *“to appraise the clinical benefits and the costs of those interventions notified by the Secretary of State and the National Assembly for Wales”*
- In reaching its judgment the Institute will have regard to
 - the Secretary of State's and the National Assembly for Wales' broad clinical priorities
 - the degree of clinical need of the patients with the condition
 - the broad balance of benefits and costs;
 - any guidance from the Secretary of State and the National Assembly for Wales on the resources likely to be available
 - the effective use of available resources.

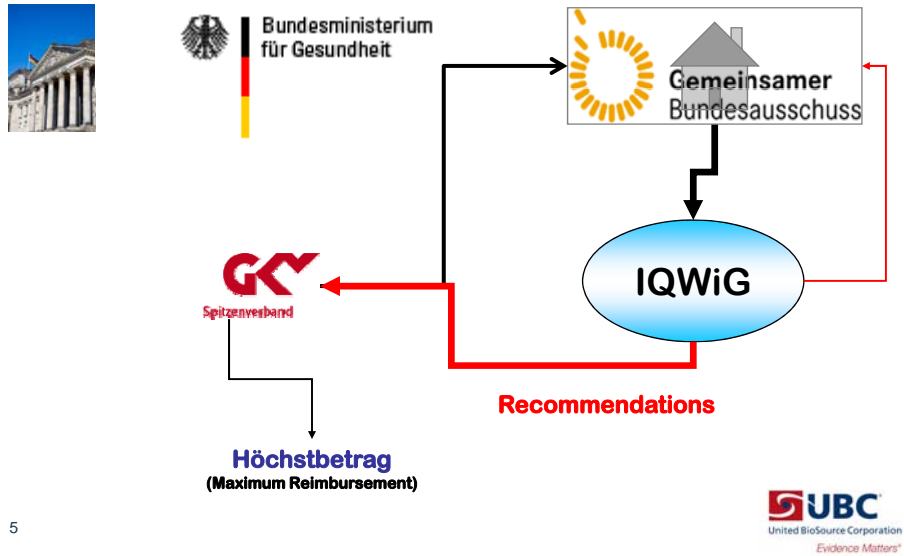
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France - HAS

- **Opinion on clinical benefit**
provides health authorities with an opinion on the actual clinical benefit (*SMR*) (or expected clinical benefit (*SMA*) in the case of a first assessment) of drugs, medical devices, and diagnostic and therapeutic procedures covered by National Health Insurance...
- **Health economics**
provide health authorities with information on the potential efficiency and economic consequences of a diagnostic or therapeutic procedure or of a public health initiative.

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German HTA



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What is Decision-Makers' Question?

- How do I maximize QALYs across the population?
 - No, QALY maximization would lead to investments in cosmetic surgery etc. and is not what most of the population wants
- How do I optimize the health care system?
 - No, this is not a feasible goal with a complex system that already exists (nor the role of HTA)
- How do I prioritize investments in the health care system?
 - Not really, “choices” may be forced but priority setting is a socio-political role and should not be the role of HTA agencies
- Should I cover (and at what price) this new intervention?
 - Yes, this is what the decision is about and what the HTA is supposed to inform.

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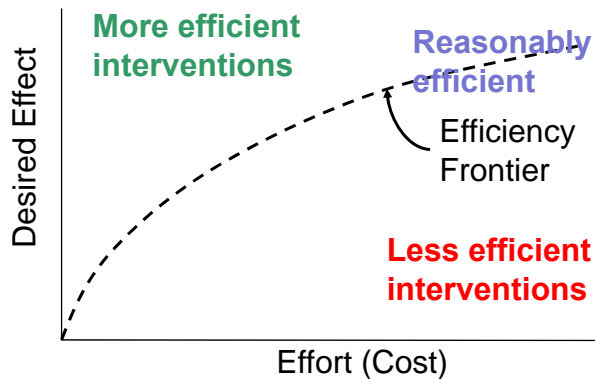
Priority setting?

The proper role of
efficiency in decisions
about reimbursing health care

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What is efficiency?

- ratio of work done to the energy supplied to do it
- extent to which a resource is used for the intended purpose
- accomplishment of a job with a minimum expenditure of effort
- production of the desired effects with minimum waste.



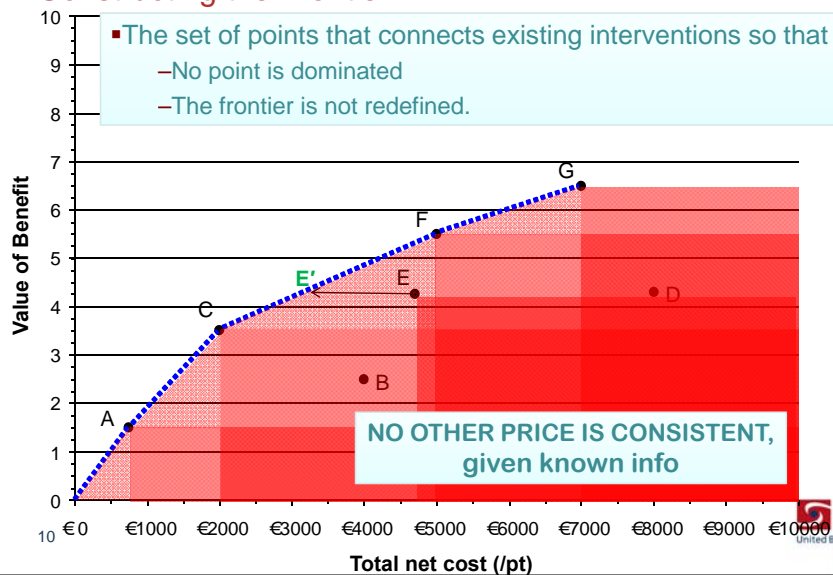
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IQWiG Approach

- Purpose: Provide information to decision makers for setting of maximum reimbursement
- Approach taken is to inform decision makers of:
 - The costs & benefits of the new intervention and the alternatives
 - The “going rate” for benefits in the specific therapeutic area
 - Use “efficiency frontier” to display the information & provide guidance.

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Indirectly Value the Benefits: Constructing the Frontier



Information Content of EF

- EF is useful because it
 - Depicts current best available benefit at a given cost
 - Segments reflect simplest interpolation, given available information
 - Provides information about
 - » Current rate of decline in efficiency for additional benefits
 - » Prices that are consistent with this information
 - Within existing range of benefits
 - Beyond existing range
- The EF indicates for policy makers
 - a price that producers should be able to meet, unless they provide information to document otherwise
 - prices that may be difficult for producers of new superior products to undercut.

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Implications of QALY use

The New York Times July 19, 2009
**Why We Must Ration
Health Care**
By **PETER SINGER**

“Disability advocates are forced to choose between insisting that ...their lives are just as important as ...the lives of people without disabilities, and seeking public support for ...(treatment).”

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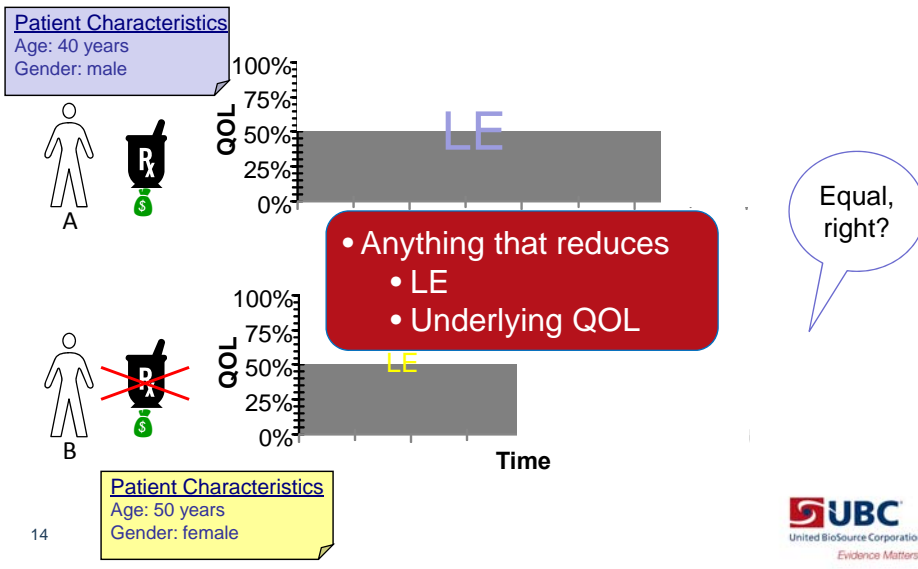
Requirements that result from the “General Equal Treatment Act”

The aim of the AGG is to prevent or abolish discrimination because of race, ethnic background, gender, religion, ideology, disability, age, or sexual identity.

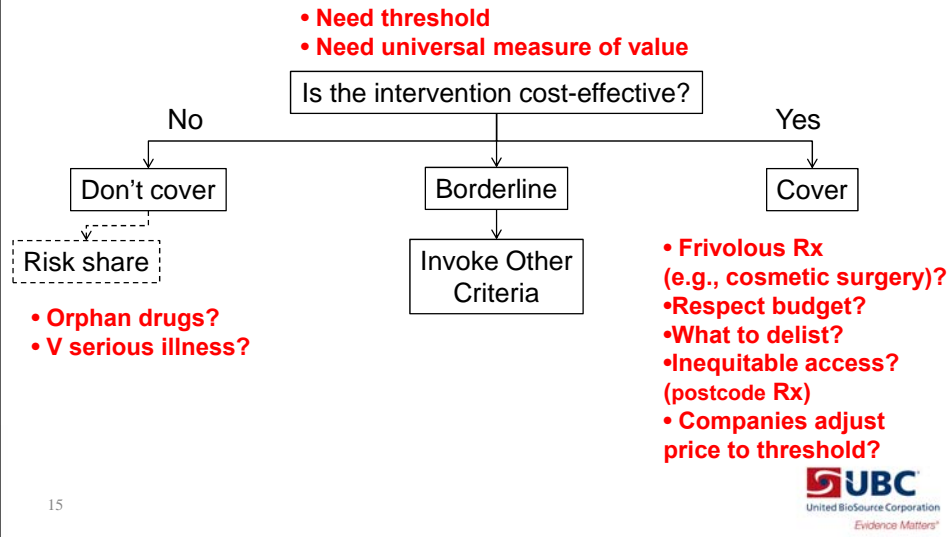
According to this, discrimination is illegal with regard to social protection, including social security and health services, as well as concerning access to and provision with goods and services available to the public.

These aspects of equal treatment must be considered in the cost-benefit assessments and do not allow for use of the QALY to set priorities.

The QALY institutionalizes discrimination



Prevailing Approach



Proposed Approach

