



Forum Session Meeting Announcement

Thursday, October 30, 2008
11:45pm–12:15pm — Lunch
12:15–2:00pm — Session

Exploring Comparative Effectiveness: Fundamentals and Controversies of Cost-Effectiveness Analysis

A Discussion Featuring:

Peter Neumann, ScD

Professor and Director

Center for the Evaluation of Value and Risk in Health
Institute for Clinical Research and Health Policy Studies
Tufts University School of Medicine

Kathleen A. Buto

Vice President for Health Policy

Government Affairs
Johnson & Johnson

Gail Shearer

Director of Health Policy Analysis

Consumers Union

Steven D. Pearson, MD

Founder and President

Institute for Clinical and Economic Review
Massachusetts General Hospital and Harvard Medical School

Location

Dirksen Senate Office

Building

First Street and Constitution
Avenue, NE
Room 215

Registration Required

Space is limited. Please respond as soon as possible.

Send your contact information by e-mail to: nhpfmeet@gwu.edu

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Exploring Comparative Effectiveness: Fundamentals and Controversies of Cost-Effectiveness Analysis

Although the desire to contain ever-escalating health care costs is clearly a major impetus for the current interest in comparative effectiveness, it is unclear how *cost-effectiveness* fits into the picture, or whether it fits at all.

Many proponents of an expanded capacity for comparative effectiveness—or better information about what works best to improve health—argue that it will enable improved decisions about health and logically lead to lower costs, even if explicit comparisons of costs are not made. They argue that because such a large proportion of the health care goods and services currently provided represent overuse, underuse, or misuse, an improved ability to make optimal choices will lead to more efficient use of resources. But other proponents disagree that greater efficiency can be accomplished simply with more and better comparative information and argue that an explicit consideration of relative costs or costs versus benefits is necessary, along with factoring economic considerations into coverage and reimbursement policies.

Thus, although there is widespread agreement that virtually everyone from the patient to the doctor to the Medicare program itself would benefit from more and better evidence about what works to promote health, even among proponents of an expanded capacity for comparative effectiveness there is major disagreement about the role of cost-effectiveness analysis in the envisioned new program. The disagreements range from technical ones about whether cost-effectiveness analysis methods are sufficiently well-developed to political ones about whether including it causes people to view comparative effectiveness negatively as being primarily concerned with “price controls” or “cost containment.”

This session, the fourth in a series¹ intended to lay the foundation for understanding and evaluating existing and anticipated proposals related to comparative effectiveness, will focus on the basics of cost-effectiveness analysis and controversies surrounding the use of economic information in coverage and reimbursement decisions. The speakers, who all have experience with cost-effectiveness analysis in both the public and private sectors, will address the following questions:

- What is cost-effectiveness analysis? How does it work? What are its strengths and weaknesses? Who currently conducts these analyses, and how do they do them?

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- What kind of information does cost-effectiveness analysis provide? How can this information be used? Who is currently using this information and for what?
- Under what circumstances can cost-effectiveness analysis be most productively applied? Under what circumstances is it ill-advised?
- What are the current methodological, practical, and political controversies surrounding cost-effectiveness analysis? What are the different points of view on basing coverage and reimbursement decisions on relative cost or value-for-money considerations?
- In general, how should cost-effectiveness analysis fit with comparative effectiveness? Specifically, should the enhanced comparative effectiveness capacity that is envisioned include cost-effectiveness analysis? If so, should it be an integral part of the new proposed program, completely separate, or something in between?

SPEAKERS

Peter Neumann, ScD, is a professor at the Tufts University School of Medicine where he directs the Center for the Evaluation of Value and Risk in Health at the Institute for Clinical Research and Health Policy Studies. He is experienced and widely published in both the theory and practice of cost-effectiveness analysis, and has researched the Food and Drug Administration's regulation of health economic information and the role of clinical and economic evidence in informing public and private sector health care decisions, including those made by the Medicare program. Professor Neumann also served at the Health Care Financing Administration (now the Centers for Medicare & Medicaid Services). He will begin the session with an introduction to cost-effectiveness analysis.

He will be followed by three additional panelists, who will each share their perspectives on cost-effectiveness analysis and how it relates to comparative effectiveness. **Kathleen A. Buto** is vice president for health policy, Government Affairs, Johnson & Johnson, where she has responsibility for providing policy analysis and developing positions on a wide range of issues, including the Medicare drug benefit, government reimbursement, coverage of new technologies, and regulatory requirements. She has served in senior positions at the Congressional Budget Office, helping to develop the cost models for the Medicare drug benefit, and at the Health Care Financing Administration, leading policy, reimbursement, research, and coverage functions for the agency. **Gail Shearer** is director of health policy analysis in the Washington, DC office of Consumers Union, where she directs Consumers Union's public education campaign, *Consumer Reports Best Buy Drugs*, which provides information about the comparative effectiveness and cost-effectiveness of drugs. She also serves as principal investigator for a grant awarded in 2008 from the State Attorney General Consumer and Prescriber Education Grant Program intended to enable

expanded dissemination of unbiased information about drugs to consumers. She has served at the Federal Trade Commission. **Steven D. Pearson, MD**, is the founder and president of the Institute for Clinical and Economic Review at Massachusetts General Hospital and Harvard Medical School, and also serves as the current vice-chair of the Medicare Evidence Development and Coverage Advisory Committee. He has served at the Centers for Medicare & Medicaid Services and been a Fellow at the National Institute for Health and Clinical Excellence in London, England, and at America's Health Insurance Plans.

ENDNOTE

1. For more information on the preceding sessions in this series, see "Exploring Comparative Effectiveness: Fundamentals of Evidence-Based Health and Introduction to the Cochrane Collaboration" (July 25, 2008), available at www.nhpf.org/index.cfm?fuseaction=Details&key=704; "Exploring Comparative Effectiveness: Activities of NIH, FDA, and AHRQ to Advance Evidence-Based Health" (September 26, 2008), available at www.nhpf.org/index.cfm?fuseaction=Details&key=710; and "Exploring Comparative Effectiveness: Activities of CDC, VA, and CMS to Advance Evidence-Based Health" (October 3, 2008), available at www.nhpf.org/index.cfm?fuseaction=Details&key=712.



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