



The Case for Cost-effectiveness

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Cost-effectiveness: Un-American?



Why do we need cost-effectiveness information in health?

- We can't have it all at any price
- Doctors and patients are insulated from costs
- Implication: something equally good or a tiny bit better will be used, often overused -- even if much more costly
- So if not doctors and patients, “the system” has to care about costs given that we have other claims on limited resources. There are two options:
 - Focus on short-term acquisition cost
 - Focus on cost-effectiveness of entire pathway of care

Missed Opportunities

- The “expensive” Tier IV drug
- Reasonable alternatives
 - Brachytherapy vs. proton beam therapy vs. IMRT
- Diagnostics
 - Coronary CT more cost-effective used some ways than others

Comparative Effectiveness without CEA?

- Minor differences in outcomes and side effects found on review will be magnified to guard or enlarge market share
- Downstream effects of diagnostic and preventive health interventions will not be adequately estimated
- Low-risk, marginal benefit at high price will continue to be the guiding market signal for manufacturers, skewing innovation

Concerns about CEA

- Methods are not “ripe”
- Costs differ too much across our system to be useful
- One size fits all
- Discriminates against the elderly or those with disabilities
- All depends on how cost-effectiveness is portrayed
 - THE DECISION vs. INFORMING policy options

Radiation for prostate cancer

Comparative Clinical Effectiveness

Superior	A	Aa	Ab	Ac
Incremental	B	Brachytherapy Ba	Bb	Bc
Comparable	C	Ca	Cb	Cc
Unproven	U/P	Ua	Ub	Uc
Insufficient	I	Proton Beam Therapy = I		

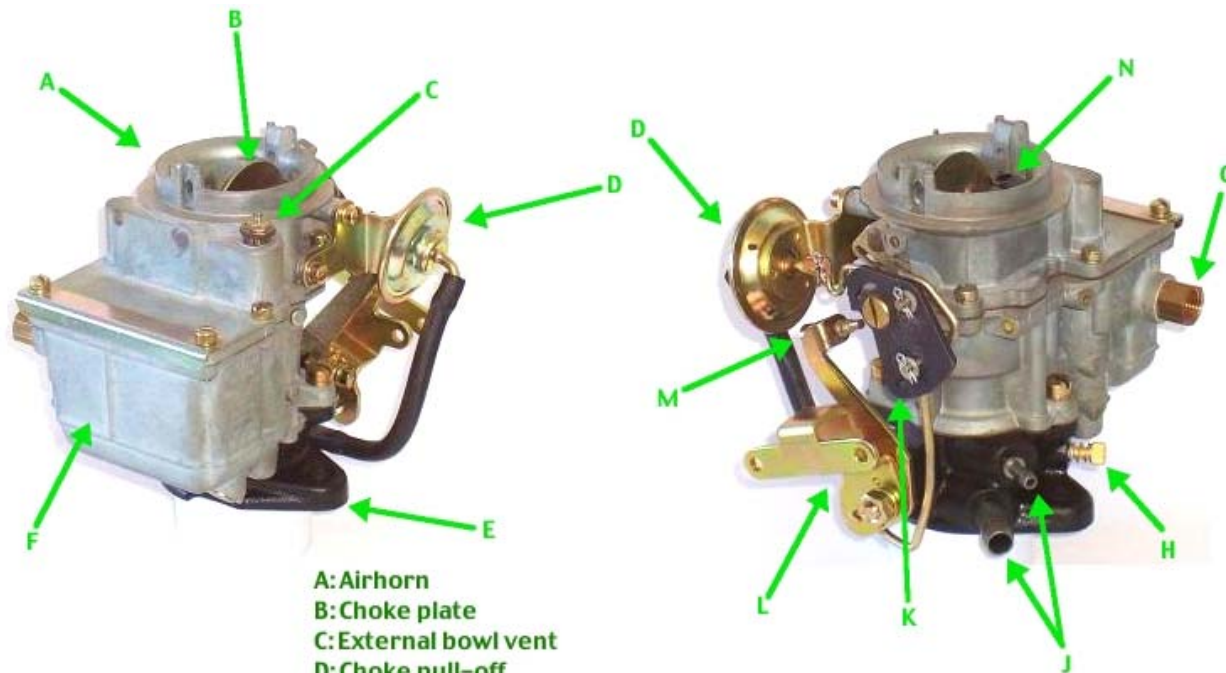
Comparative Value

a
High

b
Reasonable/
Comparable

c
Low





- A: Airhorn
- B: Choke plate
- C: External bowl vent
- D: Choke pull-off
- E: Throttle body & mounting base
- F: Float bowl
- G: Fuel inlet
- H: Idle mixture adjusting screw
- J: Vacuum nipples
- K: Fast-idle cam
- L: Throttle lever
- M: Idle speed adjusting crackscrew
- N: Internal bowl vent



- Cost-effectiveness is a public policy tool that reflects a robust moral understanding that in health, as in other areas of public life, there may well be *greater needs unmet.*