Making "Better" Policies : Private Health Plans

Steven D. Pearson, M.D., M.Sc.
Lecturer in Population Medicine
President, ICER
Massachusetts General Hospital ITA

ICER
INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

What is a "better" policy?

- More patient access and choice
- Longer lives, more cures, less side effects
- Equal chances for some benefit
- Lower costs
- Less disparity across races, income levels
- More innovation, new treatments
- *More understandable, "fair" decision process*
  - *Reasons: evidence*
  - *Process: deliberation*

ICER
INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

The real world

- Private plans must follow Medicare
- Private plans are regulated by the states with requirements to provide cancer treatments
- Private plans have limited incentive to reduce overall societal health care expenditures
- Private plans have severe legitimacy deficit
- Private plans are bound by contracts to provide all medically necessary care

Medical Necessity

- "Medically Necessary" are procedures, treatments, supplies, devices, equipment, facilities or drugs (all services) that a medical practitioner, exercising prudent clinical judgment, would provide to a patient for the purpose of preventing, evaluating, diagnosing or treating an illness, injury or disease or its symptoms, and that are:
  - in accordance with generally accepted standards of medical practice; and
  - clinically appropriate in terms of type, frequency, extent, site and duration and considered effective for the patient's illness, injury or disease; and
  - not primarily for the convenience of the patient, physician or other health care provider; and
  - not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's illness, injury or disease.

Using Evidence for "Better" Policies

1. Coverage decisions
2. Hope that clinicians manage themselves
3. Medical policies
   - Prior auth, step edits, centers of excellence, etc.
4. Payment for the intervention
5. Payment to the clinicians
6. Patient shared decision-making tools
7. Patient incentives
   - Value-based benefit design

Private Payers: Cancer drugs

- Move injectables from the medical benefit to the pharmacy benefit
  - Tier IV requires high co-insurance
  - Focus distribution through specialty pharmacies to avoid physician "buy and bill"
  - Step-edits, physician-edits, age-edits, quantity limits, requirements for case management

Private payers: Example 1

- Trastuzumab (Herceptin)
  - Prior authorization
  - MDs submit documentation that the patient has a positive Her-2/neu assay
  - 15-20% of women prior to the program were receiving the drug even though they did not have a positive assay

What about cost-effectiveness?

Comparative Effectiveness: Demonstration kickoff meeting

March 18, 2009

EACH members

Providers	Health Plans	Employers	Other

ICER appraisals of localized prostate cancer treatment options

- Active surveillance
- Radical prostatectomy
- Brachytherapy
- IMRT
- Proton beam

ICER
INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

ICER Integrated Evidence Rating

Comparative Clinical Effectiveness

	a High	b Reasonable/Comp	c Low
Superior: A	Aa	Ab	Ac
Incremental: B	Ba	Bb	Bc
Comparable: C	Ca	Cb	Cc
Inferior: D	Da	Db	Dc
Unproven/Potential: U/P	Ua	Ub	Uc
Insufficient: I	I	I	I

Comparative Value

Radiation for prostate cancer Compared to IMRT

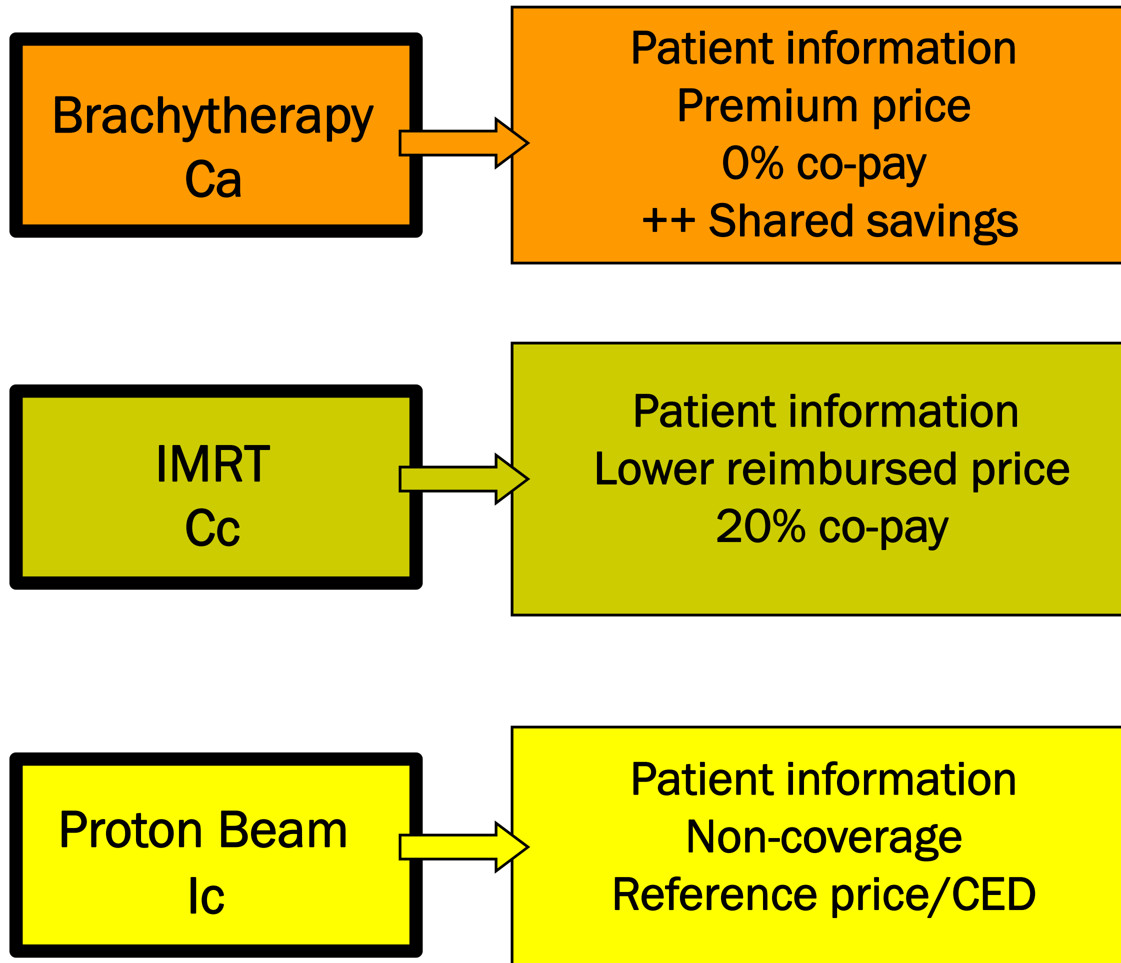
Comparative Clinical Effectiveness

Superior: A	Aa	Ab	Ac
Incremental: B	Ba	Bb	Bc
Comparable: C	**Brachytherapy = Ca**	Cb	Cc
Inferior: D	Da	Db	Dc
Unproven/Potential: U/P	Ua	Ub	Uc
Insufficient: I	I	I	**PBT = Ic**
	a High	b Reasonable/Comp	c Low

Comparative Value

13

From Comparative Effectiveness to Medical Policy Decisions



What have learned so far?

- Evidence
  - Must include what matters to patients
- Process
  - Independent clinical experts and overall judgments of strength of evidence
  - Evidence thresholds must appear reliable
  - Costs must be considered transparently if at all
- Application
  - "Scaling" payment and/or out-of-pocket payments are preferable to non-coverage
  - Ultimately, global payments may reposition but not eliminate this problem

ICER
INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

How will we know if we make "better" policies?

ICER
INSTITUTE FOR CLINICAL AND ECONOMIC REVIEW

WE SAY NO TO:
BIG GOVT!!
HIGH TAXES!!
NAT'L HEALTH CARE
SOCIALISM!!
WE LOVE AMERICA
& FREEDOM!!
FOUNDING FATHERS KNOW BEST

Thank you