

## Incorporating Cost into Comparative Effectiveness Research: A State Perspective

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## The State Dilemma

States in political vise:

- Advocates and industry want maximum service
- Taxpayers want to limit expenditures
- States are the safety net for low income persons
- It's not **IF** they ration but **HOW** they ration
- Increased cost or richer benefits result in fewer persons with coverage

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## States' Experience with Cost Effectiveness Studies

- Primarily financed by vendors
- Effectiveness information in models often dubious
- Modeling over used when simple comparisons will suffice
- Resistance to metrics such as QALYs
- Pragmatic priority setting possible

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## State Response to Tightening Vise

- Generally:
  - Reducing Eligibility for State Medical Assistance
  - Cutting Provider Payments
  - Cutting Categories of Care
- Some:
  - Recognize Cost/Technology Nexus and often Tenuous Link to Health Outcomes
  - Demanding Higher Standard of Evidence for Payment
  - Open to Pragmatic, High Quality, Independently Produced, Cost Effectiveness Research

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