

Incorporating Costs into Comparative Effectiveness Research

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Central Health Policy Issue: Spending Growth

- Peter Orszag (Director of OMB):

“The nation’s long-term fiscal balance will be determined primarily by the future rate of health care cost growth”

- Efforts to slow cost growth must promote ‘value’ (benefit per dollar)

Value of health care is heterogeneous

- High value
 - Beta blockers post heart attack
- Low value
 - Some imaging
- Reform must encourage high value, discourage low value
 - Research must identify high and low value services
 - Research must devise systems promote efficient spending

Incorporating costs

- Costs matter in defining value
- Technical and policy issues arise when thinking about how to treat costs
 - Technical issues: how should we incorporate costs
 - Cost varies by provider
 - Cost varies by location
 - Incorporating costs sometimes requires complex analysis of treatment paths
 - Policy issues
 - What decisions are made on the basis of this information
 - What information best supports those decisions
 - The advisability of incorporating costs into CER depends on how CER will be used