



Advising the Congress on Medicare issues

Producing comparative-effectiveness information

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MEDPAC

Concerns about U.S. health care system

- Health care spending has grown more rapidly than GDP
- The value of services furnished to patients is often unknown
- Comparative effectiveness is one of many tools to pursue value

Comparative effectiveness

- Evaluates the relative effectiveness and safety of a service to its alternatives
- Alternatives can include drugs, procedures, devices, and medical treatment
- Example: NIH trial that compared lung-volume reduction surgery to medical therapy

U.S. needs more credible comparative-effectiveness information

- Little information available that compares the effectiveness of a service to its alternatives
- Many new services disseminate quickly into routine medical care with little or no basis for providers knowing whether they outperform existing treatments, and to what extent

Comparative effectiveness could improve value of health care spending

- Help providers and patients become more informed
- Help payers make better payment decisions
- May reduce geographic variation and improve quality and safety
- May not necessarily reduce healthcare spending

Current production of comparative-effectiveness information

- No one public or private entity systematically conducts comparative studies and disseminates findings
- Federal entities: AHRQ, NIH, CMS, DVA

Why is a public role needed?

- Under-produced by private sector
- Information is a public good
- Some researchers have shown that industry-sponsored studies may not always be objective, free from bias, and available to the public

Commission recommendation

- The Congress should charge an independent entity to sponsor credible research on comparative effectiveness of health care services and disseminate this information to patients, providers, and public and private payers.

Such an entity would:

- Be independent and have a secure and sufficient source of funding
- Produce objective information and operate under a transparent process
- Seek input on agenda items from patients, providers, and payers
- Reexamine a service's effectiveness over time
- Disseminate information to all users
- Have no role in making or recommending coverage or payment decisions for payers

Functions and activities of a comparative-effectiveness entity

- Identify research priorities
- Produce unbiased information
- Sponsor intramural and extramural research
- Have a transparent process and obtain input from stakeholders
- Disseminate information to all users
- Develop human capital

What could the entity look like?

- Independent federal agency
- Public-private entity
- Private sector
- An external board of experts should oversee the development of its research agenda and ensure that the research is objective and methodologically rigorous

Funding should be stable, public-private, and broad-based

- Comparative effectiveness trust fund
 - Public-private
 - Broad-based
 - Stable and secure
- Examples of funding source:
 - Percentage of the Medicare Part A trust fund + levy on private sector organizations
 - General revenues

Conclusions

- Gaps in evidence are widespread
- Comparative effectiveness might improve value of health care spending
- An independent and objective entity should produce comparative effectiveness information
- Methodological rigor and transparent process is key