

Developing a Center for Comparative Effectiveness Information

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Project HOPE

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What's the Problem?





- ◆ Spending growth rates are unsustainable - 2.5% annual growth faster than the economy (1960-2004)
- ◆ Lots of problems with patient safety
95,000 medical errors
- ◆ Lots of problems with quality
On average, about half of what's appropriate

How Big A Problem?



Some historical facts ---

- ◆ Overall tax rate last 50 years: 18.5% of GDP
2005: revenue at 17.5%; 2006: 18.3%
- ◆ Allowing tax cuts to expire adds (only) 2% to rev: 2030
- ◆ Previous  in entitlements handled *not* by  ing taxes

Major budgetary challenges ahead!

U.S.: Drugs and Devices

- ◆ FDA requires information about safety and effectiveness

But -- only against Placebos

- ◆ *No* such requirements for procedures and treatments



Result: Serious Gap in Knowledge



- ◆ On *comparative* clinical effectiveness
- ◆ On *comparative* cost effectiveness

Information is a key requirement for *better value*

Will require *significant* investments

(\$ billions, not \$ millions)

What is Needed...



Information on...

“What works when, for whom, provided by...”

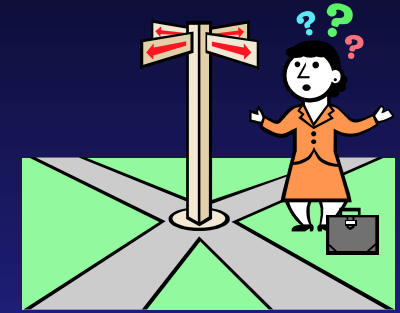
Recognition that “technology” is rarely
always effective or *never* effective

Information *must be*

- ◆ Objective
- ◆ Credible
- ◆ Timely
- ◆ Transparent
- ◆ Understandable

Center Placement

- ◆ In HHS?
Separate agency; FFRDC, AHRQ
- ◆ Free standing agency in Exec. Branch
like FTC, FRB
- ◆ Quasi-Gov't
IOM/NRC



“Close...But not too close”

What the Center is *NOT*



- ◆ *Not* providing a new coverage requirement
imp for practice decisions/reimbursement
- ◆ *Not* a decision-making center
- ◆ *Not* a cost-effectiveness center

C/E and C/B important, but...
should be modeled separately

Incentives Are Also A Big Problem



Medicare --

20 years getting it exactly *wrong!*

Same reimbursement for best in class and worst in class

(DRGs, RBRVS, Home Care, Nursing Homes)

Physician fee schedule: penalizes efficient docs

Private sector is not much better

Will Better Information, Better Information Systems and Better Incentives --

- ◆ Improve Values?

Yes, should improve values

- ◆ Moderate spending growth rates?

Don't know ---

Lots of “one-off” savings but that’s different

