

REASONS WHY ICER'S COST-EFFECTIVENESS ANALYSES ARE NOT USEFUL FOR PAYERS

A [whitepaper](#) authored by Bruce Pyenson, F.S.A., M.A.A.A. and colleagues from Milliman explains why Institute for Clinical and Economic Review (ICER) cost-effective analyses (CEAs) will not be very useful for private payers' medicine coverage decisions. The whitepaper identifies several problems in applying ICER's reports to inform coverage decisions by private payers, including the following issues.

- 1. Private payers serve distinct subpopulations of the U.S. population.** Every payer's patient population has different health needs, but ICER's assessments don't account for these differences, such as age and comorbidities.
- 2. ICER models are proprietary and do not accommodate customization by payers to reflect their own circumstances and needs.** Key elements of ICER assessments are not publicly available, which makes it difficult for payers to adapt the analyses to their own circumstances.
- 3. The quality-adjusted life year (QALY) may be a helpful academic tool, but it has limited practical use in real-world decision making.** QALYs are a theoretical metric and do not fit well with private payer decision-making, which is rooted in concrete measurements of financial results and clinical effectiveness.
- 4. QALYs assign diminished value to the elderly and disabled and do not put a premium value on preservation of life.** While QALYs place lower value on the lives of the elderly and disabled, private payers are responsible for all of their insured patients. As a result, QALYs are ill-suited for plans seeking to meet the needs of broad populations.
- 5. Private payers can best use assessments that support nuanced decisions.** While ICER's assessments judge whether a medicine is of high or low value based on whether it crosses a cost effectiveness threshold, payers operate in a more complex environment. Payers use tools such as formularies, cost sharing and step therapy to manage their plan and spending.
- 6. ICER may overstate the certainty of their assessments.** ICER assessments rely on short-term clinical trials for long-term projections, applying randomized control trial findings for one product to other products, testing assumptions individually and using multiple data sources to produce comparisons. These issues all add to uncertainty in applying ICER assessments.
- 7. ICER does not prioritize the use of information that is relevant to private payers.** Payers need to make decisions based on their insured patient populations, but ICER gives preference to data from randomized controlled trials rather than real-world evidence.

Not only do ICER's assessments fail to align with the needs of private payer decision making, but separate research by Xcenda released earlier this year found that if these assessments were used to determine medicine coverage, it could [significantly limit patients' access](#) to life-changing innovative therapies.

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