

# New set of recommendations developed to improve quality of cost-effectiveness analyses

September 13 2016

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The Second Panel on Cost-Effectiveness in Health and Medicine reviewed the current status of the field of cost-effectiveness analysis and developed a new set of recommendations, with major changes including the recommendation to perform analyses from 2 reference case perspectives and to provide an impact inventory to clarify included consequences, according to an article appearing in the September 13 issue of *JAMA*.

In 1993, the U.S. Public Health Service convened a panel of 13 nongovernment scientists and scholars with expertise in economics, clinical medicine, ethics, and statistics to review the state of cost-effectiveness analysis and to develop recommendations for its conduct and use in health and medicine. The primary goals were to improve the quality of cost-effectiveness analyses and promote comparability across studies. In 1996, the original Panel on Cost-Effectiveness in Health and Medicine published its findings in a series of articles in *JAMA* and in a book. The panel emphasized that the growing field of cost-effectiveness analysis provided an opportunity to rationalize health policy if the technique and its application were well understood and implemented. Since publication of the report, researchers have advanced the methods of cost-effectiveness analysis, and policy makers have experimented with its application. The need to deliver [health care](#) efficiently and the importance of using analytic techniques to understand the clinical and economic consequences of strategies to improve health have increased in recent years.

Gillian D. Sanders, Ph.D., of the Duke Clinical Research Institute, Durham, N.C., Peter J. Neumann, Sc.D., of the Center for the Evaluation of Value and Risk in Health, Tufts Medical Center, Boston, and colleagues representing the Second Panel on Cost-Effectiveness in Health and Medicine, reviewed the state of the field and provided recommendations to improve the quality of cost-effectiveness analyses. The panel developed recommendations by consensus. These recommendations were then reviewed by invited external reviewers and through a public posting process.

Among the Key Recommendations:

- The concept of a "reference case" and a set of standard methodological practices that all cost-effectiveness analyses should follow to improve quality and comparability;
- All cost-effectiveness analyses should report two reference case analyses: one based on a health care sector perspective and another based on a societal perspective;
- Use of an "impact inventory," which is a structured table that contains consequences (both inside and outside the formal health care sector), intended to clarify the scope and boundaries of the two reference case analyses.

"The goal of the Second Panel was to promote the continued evolution of cost-effectiveness analysis and its use to support judicious, efficient, and fair decisions regarding the use of [health care resources](#)," the authors write.

"Cost-effectiveness analysis can help inform decisions about how to apply new or existing tests, therapies, and preventive and [public health](#) interventions so that they represent a judicious use of resources. It also can help to fill gaps in the evidence about the estimated population-level public [health](#) effect of such interventions, and can support decisions to

disinvest in older interventions for which there are more cost-effective alternatives. Cost-effectiveness [analysis](#) provides a framework for comparing the relative value of different interventions, along with information that can help decision makers sort through alternatives and decide which ones best serve their programmatic and financial needs."

**More information:** *JAMA*, [DOI: 10.1001/jama.2016.12195](https://doi.org/10.1001/jama.2016.12195)

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