

EPISODE – Author Interview: How Does Cost-Effectiveness Analysis Inform Health Care Decisions?

Guests: Dr David D. Kim and Dr Anirban Basu

Host: Tim Hoff

Transcript by: Cheryl Green

Listen to the podcast [here](#)

[bright theme music]

TIM HOFF: Welcome to a new episode of the *Ethics Talk Author Interview Series* from the *American Medical Association Journal of Ethics*. I'm your host, Tim Hoff. This new series provides an alternative format for accessing the interesting and important work being done by journal contributors each month. Joining me for this episode is Dr David Kim, an Assistant Professor of Medicine at Tufts University School of Medicine and the Program Director of the Cost Effectiveness Analysis Registry at the Center for the Evaluation of Value and Risk in Health at Tufts Medical Center in Boston, Massachusetts. Also joining me is Dr Anirban Basu, a Professor of Health Economics and the Stergachis Family Endowed Director of the Comparative Health Outcomes Policy and Economics Institute at the University of Washington in Seattle. Together, they are the authors of the article *How Does Cost Effectiveness Analysis Inform Health Care Decisions?* in the August 2021 issue of the journal, *Economic Decision Modeling in Health Care*. To read their full article, as well as the rest of the articles from the August 2021 issue, head to our site, JournalOfEthics.org.

Doctors Kim and Basu, thank you so much for joining me today. [music fades out]

DR ANIRBAN BASU: Thanks for having us.

DR DAVID KIM: Thank you for inviting me

HOFF: To begin with, what is the key ethics argument being made in your article?

KIM: So, the main ethical point is that it is impossible to provide all the interventions that offer health benefits without sacrificing resources which could be used for other desirable and important goals such as education. Without considering such opportunity cost, we would not know whether there would be the better use of those resources. And choosing an intervention or treatment options in ignorance of opportunity cost cannot be deemed ethical either.

HOFF: What do you think is the most important thing for health professions students and trainees to take from your article?

KIM: Yeah, I think still one of the most important things that resources to improve health are always limited. And consequently, you know, whether explicitly or implicitly, some form of prioritization or rationing is actually unavoidable. And although it does not capture all relevant concerns, cost effectiveness analysis is a systematic and explicit way of evaluating tradeoff between benefit, risk of harms, and cost of alternative options. The using cost effectiveness evidence can help provide valuable information to better informed resource allocation decisions in health care.

HOFF: Great. Dr. Basu, anything?

BASU: Yeah. I mean, I think one of the main challenges of health care professionals, especially physicians, is that they are working as an agent for the patient in front of them. So, they mostly care about how to maximize the health of the patient in front of them. The resources that are used to achieve those outcomes may actually be coming from different sources, and they may be shifted from other patients in the society or in the health care system. And that lens of thinking in terms of population health is often missed in terms of health care system professional training. And understanding a general sense of that, that resources are finite, and we cannot invest everything that we have for some patients and not really think about how it's going to affect other patients in the population is going to really lead to suboptimal outcomes at the population level.

HOFF: Great. Thank you. And if you could add one more important point to your article that you didn't have the chance to discuss, what would it be?

KIM: I think although we briefly describe in the paper, I would definitely expand on recent development in cost effective analysis to incorporate ethical and distributive issues. As we talk in the paper that conventional cost effective analysis has been focused on the efficiency objective. What it means is really, we like to maximize population health given a budget constraint. More recently, methodological advance such as distributed cost effective analysis, or the new alternative measures of health outcomes such as healthier totals, which my coauthor Anirban Basu actually developed. These kind of new, advanced methodological methodologies in CA can help address some ethical challenges in incorporating these concerns within the CA. Still, when and whether and how to use cost effective analysis to set priorities or how to consider ethical distributed issues requires a value judgment. So, incorporating these issues in cost effective analysis are complex, controversial, yet important issue.

HOFF: Great. And Dr Basu, anything to finish up on?

BASU: Yeah. I mean, I think one of the biggest lightning rod in cost effectiveness analysis is the use of its effectiveness part, which is measured in something we call quality-adjusted life years or QALYs. And especially in the US, the biggest challenge of using QALYs has been made on an ethical ground, especially the National Disability Council has always resisted its use because there is an inherent theoretical property of QALY that would value the life of a person with disability less than the life of a person without disability. And although in other countries that have used these methods, there is a natural, deliberative process that I use to overcome these challenges, in the US, such deliberative process, our national body does not exist. And that kind of raises concern as how these kind of shortcomings of the QALY can trickle into actual decision making. And we are seeing this right now happening in front of our eyes when these metrics are being used to actually inform price negotiations with pharmaceutical companies. And so, I think these newer methods, like the health years in total, may help in overcoming those, some of those challenges. But there are, as David said, there are much more broader distributional issues that also exist that should be considered in a more formal way.

[theme music returns]

HOFF: Great. Thank you. Well, thank you both for your time and expertise today. And hopefully we'll be able to talk to you again soon.

BASU: All right. Thanks for having us.

KIM: Thank you.

HOFF: You can read Drs Kim and Basu's article, *How Does Cost Effectiveness Analysis Inform Health Care Decisions?* in the August 2021 issue of the journal, *Economic Decision Modeling in Health Care*. Find it at our site, [JournalOfEthics.org](https://www.journalofethics.org).