

PREMERA



Medical Technology: Cost Impact

Employee Benefit Planning Association
November 6, 2008

Mark Lyons, RPh, MBA
Director, Care Facilitation Consulting

EBPA 2008

Healthcare Costs continue to rise

- Current medical costs are increasing faster than GDP
- Age of accountability
 - Prevention
 - Quality vs. Quantity
 - Evidence based medicine

PREMERA EBPA 2008 2

Medical Technology

Working Definition: Procedures, equipment, and processes by which medical care is delivered.

- Examples
 - Procedures – angioplasty, robotic surgery
 - Biologic agents – treating previously untreated conditions like RA, MS and Pompe disease
 - Devices – scanners, implantable defibrillators
 - Electronic support systems – electronic medical records

PREMERA EBPA 2008 3

Specific Examples

Procedures

- Robotic surgery
- Bispectral index (BIS) monitor
- radioactive “seeds”
- Capsule endoscopy




PREMERA EBPA 2008

4

Specific Examples

Biologics

- Mostly enzymes and proteins produced from living organisms
- RA, MS and Pompe disease
 - Enbrel & Humira
 - Avonex & Rebif
 - Myozyme
- 150 drugs in pipeline for cancer

PREMERA EBPA 2008

5

Specific Examples

Devices

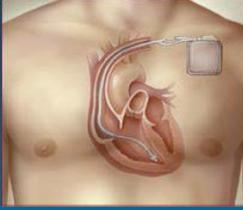
- artificial vertebral discs
- computerized prosthetic




PREMERA EBPA 2008

6

Implanted Cardioverter/Defibrillator (ICD)



An ICD is a pacemaker-like device implanted under the skin. Wires called "leads" are placed in the heart to monitor the heart rate. When the device detects a potentially deadly heart rhythm disorder (arrhythmia), the ICD delivers a controlled, electric shock to restore the heart's normal rhythm.



Medtronic Inc. www.medtronic.com (4/22/05)

PREMERA EBPA 2008

7

Three ways that medical technology increases healthcare costs

- New developments for previously untreatable conditions
 - Terminal kidney disease
 - Coronary artery bypass
- Advancements in treatment or diagnostics
 - Addition of EPO for kidney disease
 - Advanced Imaging
- Incremental improvements
 - Better mouse trap
 - Computerized prosthetics

PREMERA EBPA 2008

8

We need a clear definition of value

“Simply stated, **value in health care** relates to whether a medical intervention (drug, device, program, surgery), when used to prevent or treat a condition, improves health outcomes *enough* to justify the additional dollars spent compared to another intervention.”

- AMCP Format Committee, 2004



PREMERA EBPA 2008

9

How can we manage costs and ensure quality care?

Advanced Imaging

- Use American College of Radiology guidelines
- Ask for supporting information for CAT, MRI and Nuclear Cardiology Imaging
- Partner with American Imaging Management (AIM)
- Raise awareness to prevent
 - Needless exposure
 - Duplications
 - Incorrect imaging

PREMERA EBPA 2008 10

How can medical technology be evaluated to ensure cost effectiveness?

Example – New Medical Technology Process

- Take advantage of P&T process
 - Panel of physician
 - Use evidence of outcomes
 - Place responsibility on manufacturers to prove effectiveness

PREMERA EBPA 2008 11

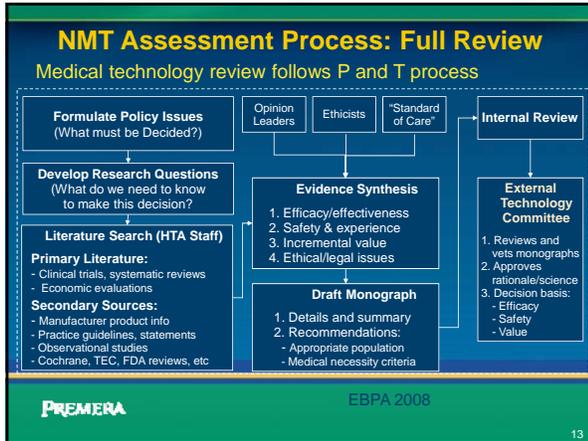
NMT Process: Pipeline Surveillance

We follow market pipeline for emerging health technologies

```

graph TD
    subgraph "Horizon Scanning and Data Collection"
        BCBSA_TEC[BCBSA TEC] --> PBC_Staff[PBC Staff]
        BCBSA_TEC --> PSR[Pipeline Summary Report]
        PBC_Staff --> PSR
    end
    subgraph "Preliminary Assessment & Queuing"
        OPI[Obtain Product Information from Manufacturer] --> PRC[Pipeline Review Committee]
        PRC --> DNR[Do not review]
        PRC --> MU[Monitor Utilization]
        PRC --> FR[Full Review]
    end
  
```

PREMERA EBPA 2008 12



- ### We Have Reviewed a Variety of NMT's
- **Diagnostic Imaging**
 - Computer assisted breast MRI
 - Upright (weight bearing) MRI
 - **Genetic Diagnostics**
 - Oncotype DX
 - Trofile
 - **Robotic Surgeries**
 - Robot-assisted laparoscopic prostatectomy
 - **Image-guided radiotherapy**
 - Calypso 4D system
 - Cyberknife
 - **Other Diagnostics**
 - Long-term continuous glucose monitoring
- PREMERA EBPA 2008 14

- ### Results: Diagnostic Imaging
- **Breast MRI/Computer Assisted Evaluation for screening:**
 - Issues for reviewer
 - ICER vs. mammography in low-risk patients
 - Medical necessity/cost-effective target population
 - Consulted local breast MRI expert, Bruce Porter, MD
 - No comparative outcomes in this population
 - Breast MRI more sensitive, less specific in low-risk patients
 - Committee decision
 - Continue existing medical policy limiting coverage to high-risk patients, imaging of contralateral breast in cancer patients and when mammography is not sufficiently sensitive
- PREMERA EBPA 2008 15

Results: Genetic Diagnostics

- Genetic panel for recurrence risk stratification in breast cancer patients (Oncotype Dx)*
 - Issues for reviewer
 - Additional value versus previous risk stratification algorithm
 - What target population will get the most benefit?
 - Reviewer’s findings
 - Analytic/clinical validity demonstrated
 - Clinical utility uncertain
 - Published cost-benefit analysis: small net savings
 - Committee decision
 - Cover in subpopulation in which test is most likely to impact treatment decisions

* Bresnahan B, et al. Poster presentation, ISPOR May 2007

PREMERA EBPA 2008 16

Results: Robotic Surgical Procedures

- Robot-assisted laparoscopic prostatectomy
 - Issues for reviewer
 - ICER vs. current standard prostatectomy procedures
 - Should payer allow extra charges for robotic procedure?
 - Reviewer’s findings
 - Many studies, none well-controlled, differing results
 - Incremental improvement outcomes uncertain
 - Attempts to demonstrate savings inconclusive
 - Committee decision/implementation
 - Recommended coverage of robot-assisted procedures at same rate as standard prostatectomy

PREMERA EBPA 2008 17

There are options for ensuring that medical technology is use cost effectively

- Insist that it is being used appropriately
- Use guidelines to raise awareness
- Establish a process to evaluate new technology similar to the way health plans review new drugs
- Reward innovation

PREMERA EBPA 2008 18

