Published on *American Council on Science and Health* (https://www.acsh.org)

Economic Analysis Falls Short When it Comes to Medicines' Value

By Robert Popovian — February 26, 2019

Dr. Robert Popovian

By **Robert Popovian**, Pharm.D., MS., the senior director of U.S. Government Relations at Pfizer.

For the past two decades, a plethora of organizations identified by various innocuous acronyms (e.g., NICE — National Institute for Health and Care Excellence) has tried to convince policymakers, providers and patients among others that economic analysis or modeling ought to be used to determine drug coverage decisions.

They have tried to define value and insert value as a component into models so that they may analyze the appropriateness of payment for a pharmaceutical. They have instituted arbitrary parameters regarding the inclusion of data in their economic models. They have even tried to sell analytic findings to audiences with promises of substantial savings.

So are these groups wrong in pressing for the use of their economic modeling and analysis in determinations about whether payers ought to cover life-saving medicines?

The answer is yes and no. These organizations are utilizing legitimate analytical tools developed by economists. Economic analysis such as Cost per Quality of Life Years Saved, Cost Effectiveness or Budget Impact Analysis can be used to analyze information for decision-makers in various components of the economy, such as wearing helmets while operating a motorcycle. However, these analytical techniques were never meant to be applied as the ultimate arbiter of whether a medicine was worth paying for.

You can read Dr. Popovian's op-ed in its entirety here [1].

Source URL: https://www.acsh.org/news/2019/02/26/economic-analysis-falls-short-when-it-comes-medicines%E2%80%99-value-13836

Links

[1] https://morningconsult.com/opinions/economic-analysis-falls-short-when-comes-medicines-value/