

Health Care Costs: In Pursuit of Standardized Methods and Estimates for Research and Policy Applications

Introduction to the Workshop

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Goals of the Workshop

- Examine current approaches to health care cost determination, across the arenas of application
- Identify “best practices” in conceptualizing, measuring, analyzing, and reporting health care costs
- Identify gaps and areas for improvement
- Evaluate potential advantages, risks, and challenges in developing “standardized methods and estimates”
- Inform the research agenda for improving data, methods, and the scientific quality and usefulness of cost analyses

Arenas of Application for Health Care Costs

- Assessment (surveillance) of disease burden and progress against burden at the national or international level (e.g., trends in attributable cost of cancer in the U.S.)
- Measuring the “productivity” of health care spending at the national or international level (e.g., by expanding national expenditure accounts to include impact on population health status)

Arenas of Application for Health Care Costs

- Determining impact of specific environmental and behavioral health risks (obesity, cigarettes, alcohol, toxic pollutants) on disease burden at the population level
- Investigating effect of policy interventions (e.g., higher tobacco or alcohol taxes) on population disease burden
- Economic evaluation of interventions, technologies, or programs for specific target populations: cost-consequence analysis, cost-effectiveness analysis, cost-benefit analysis

Decisions to Confront, Whatever the Arena:

- **Conceptual framework for analysis**, and corresponding determination of **what is meant by “cost”**: What is to be included? What is not?

e.g., burden of disease, and benefit of disease reduction, may be seen to include health effects that decision maker does not wish to monetize, or economic “welfare” effects that may be difficult to monetize. *[Dean Jamison will discuss shortly.]*

- **Perspective**: From whose standpoint are the costs calculated?
- **Time frame** for analysis

Decisions to Confront, Whatever the Arena:

- **Data sources:** Which are relevant? Which are available now? Which may need development?
- **Statistical analysis** plan & execution
- **Integrating cost analyses** (as needed) **into overall model** reflecting conceptual framework
e.g., incorporating cost estimates into decision model for evaluating cost-effectiveness of an intervention.

[Deborah Marshall and Tom Hoerger will discuss shortly.]

- **Communicating findings** effectively to decision makers, scientific community, and the public

Workshop Agenda Intended to Promote Discussion of These Decision Elements

- Arenas of Application (a sampling only)
- Approaches to Framing Cost Analysis
 - Prevalence & incidence approaches; attributable cost
 - Incremental cost determination for decision making
- Approaches to Calculating/Imputing Costs
 - National health accounts
 - Administrative/claims data
 - Micro-costing
- Statistical Analysis of Cost Data
- Roundtable Discussion

The Call for Standardization.....

“Other areas of outcomes research have standardized tools. This is not the case for cost analysis, and we need such tools to promote accuracy, comprehensiveness, and comparability in....cost calculations.”

[from Fryback and Craig, *J Natl Cancer Inst Monogr* 2004, 33;134-41]

- Do we agree with this assessment?
- If so, is it a genuine concern?
- If so, what should be done about it?

Roundtable Will Thus Address Several Important & Related Questions, including.....

- *What are the potential advantages, risks, and challenges in developing “standardized methods and estimates”?*
- How should one go about systematically assessing this issue?
- Does the rationale for and approach to standardization vary by arena of application?
- What are merits of adopting a “reference case” approach such as embraced by U.S. Panel on Cost-Effectiveness in Health and Medicine – though now, the focus would be on the conduct of exemplary cost analyses (not CEA)?

Core Methodological and Empirical Challenges:

Your Views at the Outset of the Workshop

In preparation for our closing discussion this evening, please take pen & paper in hand, and.....

- Select some arena of application for health care costs.
- Identify the single biggest challenge or stumbling block to first-rate cost analysis or its application to decision making.
- Indicate whether and how this challenge might be overcome.
- Is standardization of data or methods a component of your solution?