



HOW ICER DEVALUES LIFE: A POLICY BRIEF FOR PEOPLE WITH RHEUMATOID  
ARTHRITIS

Robert Goldberg, PhD

March 28, 2017

# HOW ICER DEVALUES LIFE: A POLICY BRIEF FOR PEOPLE WITH RHEUMATOID ARTHRITIS

## Introduction: ICER Devalues People With RA

Per its stated mission, the Institute of Clinical and Economic Review (ICER) produces “evidence” reports that analyze the cost-effectiveness of new drugs not from the perspective of the patient, but, as ICER itself notes, from the perspective of the health insurers

It recently released a report entitled, “Targeted Immune Modulators for Rheumatoid Arthritis: Effectiveness & Value Evidence Report.”<sup>1</sup> The report concludes not one biologic for RA is cost effective. This policy brief explains how and why ICER arrived at this conclusion and what it means to patients.

ICER assumes an additional year of human life is worth only \$150K. (Economists use a higher number -- \$300K -- when considering patient and consumer perspective.) Then, it makes it harder for any medicine to reach that arbitrary threshold by devaluing that life years gained from new medicine. As the chart below (taken from the ICER report) shows if you have RA, your additional year of life is worth about 20 percent less compared to what ICER deems as ‘normal.’

### **ICER Estimate of Life Years**

**Gained from New Rx**

**17.2**

**ICER’s Reduction in Life Years**

**3.44**

**Source: Targeted Immune Modulators for Rheumatoid Arthritis: Effectiveness & Value Evidence Report March 10, 2017**

Hence, ICER uses a low value threshold and then devalues the amount of life required to achieve that target. That makes it hard for any medicine to reach ICER’s cost effectiveness target.

## What Patients Need to Know

1. The value of your lives and the medicines that you take are worth a lot more than \$150K. ICER does not take into the enormous benefit that treatments have provided to people with RA, their families, friends and co-workers. It does not calculate the benefit of reduced death rates from RA the delay and decline in relapses or their severity, the reduction in hospitalization, the use of canes, wheelchairs. It does not value the increased levels of employment, the reduction in absenteeism and presenteeism at work, the reduction in disability claims or the impact quality of life has on family members.<sup>2</sup>

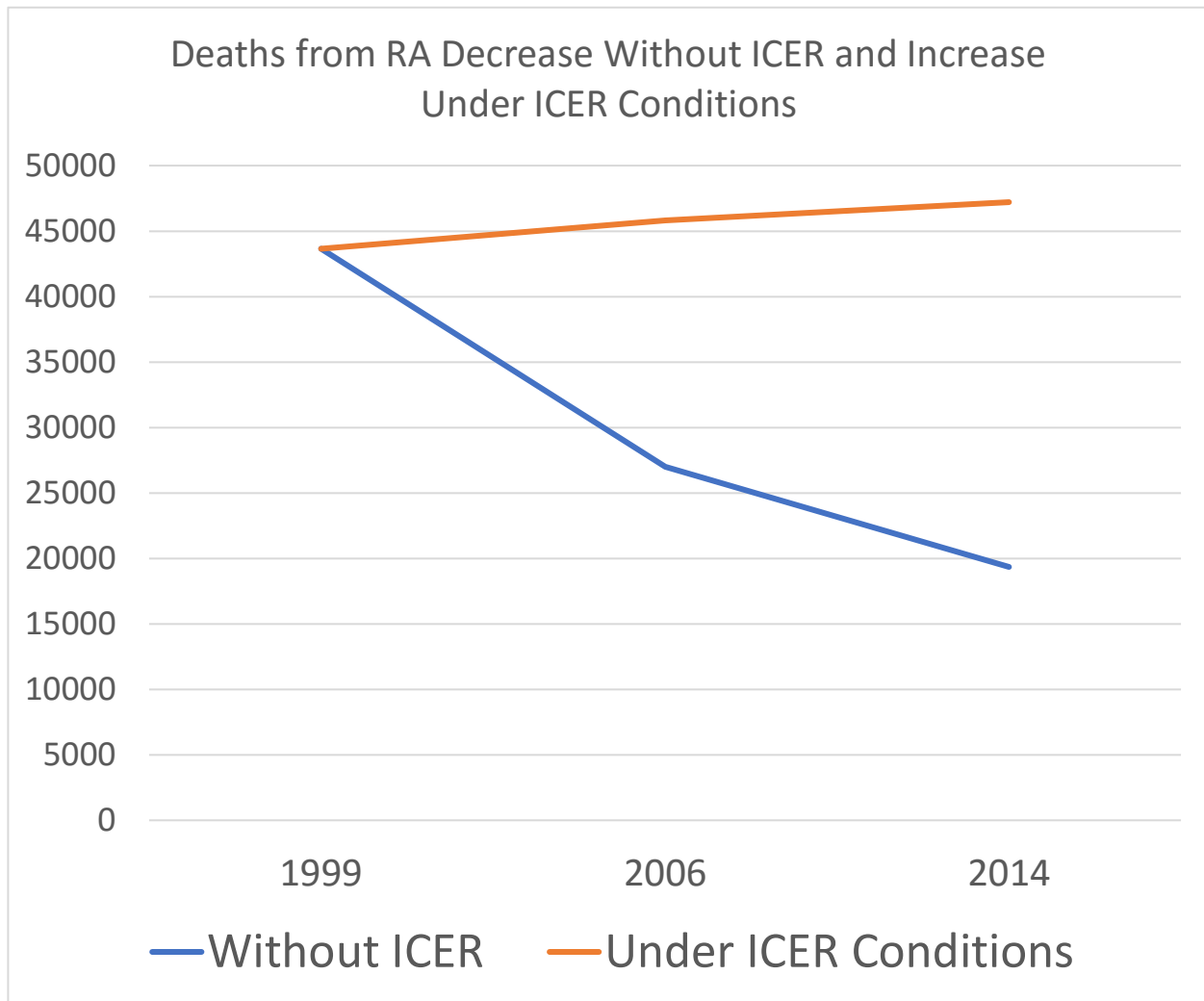
---

<sup>1</sup> Targeted Immune Modulators for Rheumatoid Arthritis: Effectiveness & Value Evidence Report March 10, 2017, pages 92-3 [https://icer-review.org/wp-content/uploads/2016/08/NE\\_CEPAC\\_RA\\_Evidence\\_Report\\_FINAL\\_031017-1.pdf](https://icer-review.org/wp-content/uploads/2016/08/NE_CEPAC_RA_Evidence_Report_FINAL_031017-1.pdf)

<sup>2</sup> Despite this simple observation, however, the current approach to valuing new health care technologies relies almost exclusively on the value of improved health to patients and not the lives of family members and loved ones whose lives are also affected. Health technology assessments and current ‘value frameworks’ that aim to

## HOW ICER DEVALUES LIFE: A POLICY BRIEF FOR PEOPLE WITH RHEUMATOID ARTHRITIS

2. ICER claims that it is concerned about making sure drug prices reflect value. Yet it concluded that no RA drug is cost-effective. One way to determine whether ICER has the best interests of patients in mind is to see what impact ICER's approach would have had on people if applied over 15 years since these medicines were available.



Between 1999 and 2014 there would have been 46689 more deaths under an ICER regime.<sup>3</sup> Additionally, research suggests that since 1999 the life expectancy of people

measure value of new health care treatments largely ignore this fundamental way in which health affects society. Exceptions exist, but for the most part spillover effects of improved health to family members and loved ones are rarely measured and even more rarely included in cost-benefit assessments of drug value.

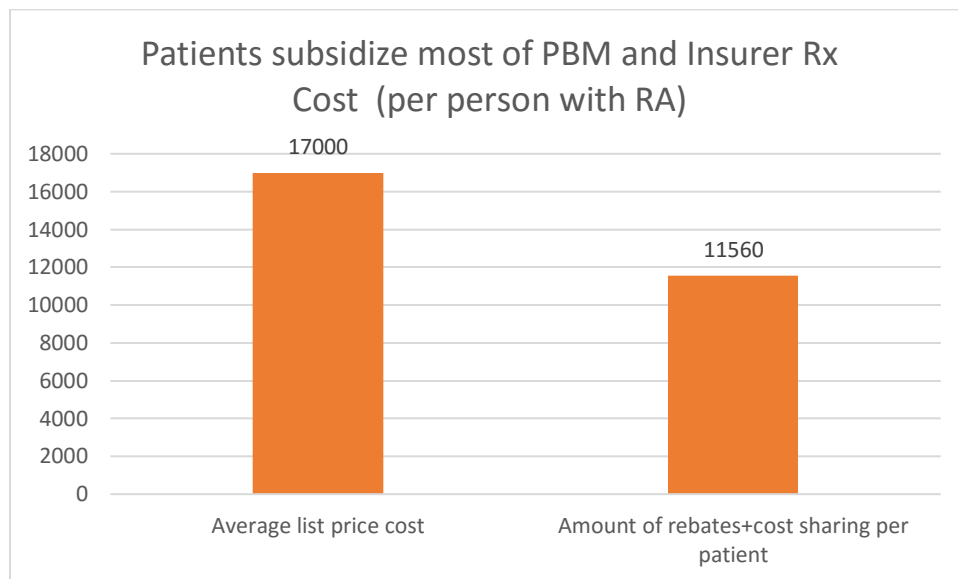
<sup>3</sup> Improved survival in rheumatoid arthritis: a general population-based cohort study  
Yuqing Zhang, Na Lu, Christine Peloquin, Maureen Dubreuil, Tuhina Neogi, J Antonio Aviña-Zubieta, Sharan K Rai, and Hyon K Choi, *Ann Rheum Dis*. 2017 February; 76(2): 408–413. doi:10.1136/annrheumdis-2015-209058

## HOW ICER DEVALUES LIFE: A POLICY BRIEF FOR PEOPLE WITH RHEUMATOID ARTHRITIS

with RA who used new medicines could expect to live 10 years longer than those not treated. Hence under an ICER regime people with RA would have 466894 fewer life years (46689 x 10).

Also, several studies have demonstrated that when receiving biologics, RA patients are more able to work. One recent study found that on average, people with RA could work an average of 2 months longer per year if treated with biologics. There are about 1.5 million people with RA in the United States.<sup>4</sup> Monthly average total compensation is \$5695 per the Bureau of Labor Statistics.<sup>5</sup> So, under an ICER regime RA patients would be earning \$17.1 billion less each year.

3. The insurance companies and PBMs that fund ICER use its reports to maximize the amount of money they make when you take prescription drugs. The out of pocket cost of your RA drug can be 30-50 percent of the retail price of the medicine even if its covered. Meanwhile your PBMs and insurers get 30 percent of the retail price of the drug from pharmaceutical companies in exchange for covering the medicines. PBMs and insurers claim the rebates reduce the cost of drugs to you. In fact, as the chart below shows, these rebates are pocketed and you pay a share of full price.



Source: [Medicines Use and Spending in the U.S. – A Review of 2015 and Outlook to 2020](#)

<sup>4</sup> [http://www.cdc.gov/arthritis/data\\_statistics/arthritis\\_related\\_stats.htm](http://www.cdc.gov/arthritis/data_statistics/arthritis_related_stats.htm). Other studies estimate the number to be up to 2 million. <http://rawarrior.com/incidence-of-rheumatoid-arthritis-increasing-women-especially/>

<sup>5</sup> <https://www.bls.gov/news.release/ecec.nr0.htm>

## HOW ICER DEVALUES LIFE: A POLICY BRIEF FOR PEOPLE WITH RHEUMATOID ARTHRITIS

The money generated by RA patients in rebates and out of pocket costs adds up as that table below reveals:

### COST SHIFTING ICER HIDES

Cost of all RA drugs at list price	17 billion
Rebates paid to PBMS and insurers	5.1 billion
Out of pocket payments from consumers	6.3 billion
Total dollars to PBMs and insurers	11.4 billion

Source: [Medicines Use and Spending in the U.S. – A Review of 2015 and Outlook to 2020](#)

Put another way, ICER gives 67% percent of the value of a drug to insurers, not patients.

4. Why is this cost shifting important? First, it demonstrates that patients are shouldering most of the cost of new medicines. Second, ICER has consistently ignored the double dipping of PBMs and insurers. And instead, ICER claims it PBMs and health plans need even deeper discounts to make medicines cost effective. Third, PBMs and insurers use the ICER information to justify starting you out on the drugs they choose before getting a new medicine. This practice is called step therapy or fail first). The plans claim that step therapy is based on medical evidence. But if that were the case, then EVERY step therapy program would be the same. Instead, ICER data is used to design step therapy to get the largest rebates.<sup>6</sup>

ICER also assumes that the entire country should not spend more than \$915 million a year on a new medicine. It claims that above that amount, the country will either have stop spending money on a new medicine, reduce spending on other medical services and/or reduce spending on road repairs, bridges, teachers' salaries, etc.

In other words, ICER not only assumes that spending more than \$915 billion on people with RA is a burden to the health system, it assumes that patients receiving new medicines beyond that amount will be a drain on society.<sup>7</sup> Given the value longer life and greater productivity generates, ICER's assertion in both in incorrect and insulting.

### ICER's Future Impact on RA Patients

ICER concludes that even though no to prevent going 'over budget' that only a small percentage of RA patients would be able to get any new medicines over the next five years.

---

<sup>6</sup> While ICER has stated that step therapy should not be used in recent reports, it has never explicitly requested that PBMs and health plans NOT use their 'findings' that way.

<sup>7</sup> [http://icer-review.org/wp-content/uploads/2015/07/FAQs\\_for\\_ICER\\_website\\_080415.pdf](http://icer-review.org/wp-content/uploads/2015/07/FAQs_for_ICER_website_080415.pdf)

## HOW ICER DEVALUES LIFE: A POLICY BRIEF FOR PEOPLE WITH RHEUMATOID ARTHRITIS

To do so, ICER estimates that only 97000 people year for five years (486000) with RA would get two new drugs: baricitinib and sarilumab. Both medicines were tested in people with RA whose disease didn't respond to any other treatments or couldn't tolerate any other medicines.

ICER fails to disclose how they arrived at the estimate that 97000 people a year would use new drugs. Further, it assumes – without any support – that 70% of new users on baricitinib would come from patients using sarilumab and 30% would come from adalimumab.

In doing so, ICER assumed that 50% of these patients were moderate-to-severe cases, and 50% of this subset had failed initial treatment with non-biologic RA drugs such as methotrexate. Applying these proportions to the projected 2016 US population resulted in an estimate of approximately 486,000 patients in the US over a five-year period.”<sup>8</sup>

But this assumption is flawed. A recent study found that 50 percent of all RA patients failed to respond to their second-line biologics.<sup>9</sup> Further, many other patients will stop responding to any therapy. Finally, ICER did not consider that many people with RA do not benefit from any other medicines. So, there is little basis to assume that two new medicines would not be used more widely as well as claim that one would replace the other.

ICER's estimate of 97000 patients per year appears to be a way of demonstrating the way to limit access to save money. But if these limits are applied, 398000 people with RA a year would be denied medicines that improve their condition. ICER limits would cost RA patients up to 250900 life years over that time, costing them \$75.3 billion in health care value.

### About CMPI

The Center for Medicine in the Public Interest is a nonprofit, nonpartisan research and educational organization that seeks to advance the discussion and development of patient-centered health care. You can follow our research and commentary at [drugwonks.com](http://drugwonks.com).

---

<sup>8</sup> Targeted Immune Modulators for Rheumatoid Arthritis: Effectiveness & Value Evidence Report March 10, 2017, pages 92-3 [https://icer-review.org/wp-content/uploads/2016/08/NE\\_CEPAC\\_RA\\_Evidence\\_Report\\_FINAL\\_031017-1.pdf](https://icer-review.org/wp-content/uploads/2016/08/NE_CEPAC_RA_Evidence_Report_FINAL_031017-1.pdf)

<sup>9</sup> <http://www.rheumatology.org/About-Us/Newsroom/Press-Releases/ID/712/My-Anti-TNF-Isnt-Working-What-Now#sthash.pOUxGcIF.dpuf>