

How Costs Associated with Extra Survival in Cancer can Impact on Cost-Effectiveness

Case Study



Cost-effectiveness analyses (CEA) of new technologies typically include “background” costs (e.g. all related health care costs in addition to the specific technology under evaluation). In oncology, these are often expensive. With high background costs, the incremental cost-effectiveness ratio (ICER) can become less favourable as survival increases, making cost-effectiveness prohibitive. We assessed a number of alternative approaches to determine whether high ICERs are caused by high drug costs, high ‘background costs’ or a combination of both and how different approaches can alter the impact of background costs on the ICER.

All of the National Institute for Health and Care Excellence’s oncology technology appraisals published or updated between October 2012 and October 2017 were reviewed. An exemplar therapy was selected, and the

model replicated, using different approaches, such as applying one-off ‘transition’ costs during post-progression instead of averaging the costs per month of extra survival, and assessing alternative methods for weighting QALY outcomes for end-of-life cases.

The study showed that high ICERs can be caused by factors other than the cost of the drug being assessed. It was shown that further research is needed to assess how alternative approaches to the measurement and application of background costs and benefits may provide an accurate assessment of the incremental benefits of life-extending oncology drugs.



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