What is ICER?

ICER’s mission is to help provide an independent source of analysis of evidence on effectiveness and value to improve the quality of care that patients receive while supporting a broader dialogue on value in which all stakeholders can participate fully.

We do not represent the interests of the insurance industry. Our reports follow the evidence: some have found that the evidence on the comparative effectiveness of a new drug is extremely limited; for other drugs we have judged the evidence to be robust and persuasive. Some of our reports have calculated that the list price of a new drug is much higher than can be justified by how much better it is at helping patients, but other reports have found that the list price of some new drugs are well aligned with patient value, or could even be higher. We have even found that some new drugs save costs overall in the health system and are outstanding values. Our aim is not to support one side in a negotiation; it is to provide what our health care system has lacked for so long: an independent, trustworthy source of information that can bring all voices into the discussion on value.

Why is this work important?

We need prices that make sense. Right now, it’s often a black box: we don’t know if we are getting good value with new drugs at the prices that are being charged. ICER hopes to create a path toward a future in which prices better mirror how much better a new drug is in improving patients’ lives. This will help reward innovation that makes a difference for patients while making the overall costs of drugs in the health care system a better value.

What is in your reports?

Each report includes a full analysis of how the drugs work (comparative effectiveness), and the value the treatments represent to patients and the health care system (cost-effectiveness and the potential budget impact). The reports support the goal of getting excellent drugs to market quickly at a price that is affordable to patients and the health system, without hindering the development of new and effective drugs.
What is the purpose of the groups you convene (CTAF, Midwest CEPAC, New England CEPAC)?

Our reports are discussed at the public meetings of these groups. They are independent, regional bodies of practicing physicians, methodological experts, and leaders in patient advocacy and engagement that provide objective, independent guidance on the application of medical evidence to clinical practice and payer policy decisions.

Do you just care about price?

It’s easy to focus on the price, but we’re looking at a lot more than that. We focus a lot of attention on helping sort out the evidence on whether new drugs offer additional benefits compared with existing drugs, and if they do, to identify which patients are most likely to benefit. Only then do we move to looking at how the costs of new drugs play out over the long haul -- do they reduce future costs by keeping patients healthier? Or do they ultimately lead to increased costs for patients and the entire health care system? We look at the whole picture so that we can help patients, doctors, and insurers understand the true value of a new drug. And the anchor to any determination of value is the evidence on how much better the drug is at improving patients’ health.

Won’t lower prices cut into R&D budgets and stall innovation?

We are not out to hinder the development of new and effective drugs. The good news is that we have a burgeoning pipeline of new and potentially promising drugs for a range of medical conditions. However, new drugs are entering the market with higher price tags than ever before, and sometimes the evidence is not persuasive that new drugs are much better than existing options. Unfortunately, the process for prescription drug pricing has been a black box. We believe that patients, clinicians, insurers, and policymakers should know what a reasonable range is for the price of a new drug if it were to reflect the added value to patients. This is unlikely to “kill” investment in the next generation of innovative new drugs. What it will do is make sure that companies that develop drugs that bring the greatest added benefits to patients get the biggest payback for their efforts.

Why look at budget impact?

To talk about value without considering how the potential short-term budget impact for a costly new drug could severely strain health budgets and force cutbacks in other services or unsustainable increases in health care insurance premiums would be a disservice to patients now and in the future. The potential budget impact of a new drug is analyzed to understand whether the costs over the first five years could represent such a big hit to health care budgets that an “alarm bell” should be rung indicating the need for special attention. Special attention could bring payers, manufacturers, clinicians, and patient groups together to sort out whether managing short-term costs would require actions such as a
lower price, prioritization of treatment for certain patients, or re-allocation of resources from other health services.

The potential budget impact analysis has been mischaracterized as a budget cap – it is nothing of the kind. It helps bring into public debate the real-world challenges of managing the introduction of high-cost drugs that offer good long-term value. It is a tool to foster a broader dialogue so that we can acknowledge that drugs like Sovaldi® do offer excellent long-term value, but that when they could be used for millions of patients at a high price, special action needs to be considered to ensure that health systems can afford to provide the drugs while maintaining access to affordable care to all patients.

**Is ICER interfering with the doctor-patient relationship?**

Good doctors rely on a variety of sources to keep them informed of the current research and other factors needed to help treat their patients. Doctors’ knowledge on how to treat a condition does not just come from their experiences with their patients. They must rely on other sources of information so that they have a complete picture. ICER’s work can be one of those sources of information.

**How does ICER fit in the movement to make care more patient-centered?**

The ICER value framework is deeply patient-centered: it is explicitly structured to capture what patients feel is important in their care. It was developed with the primary intent of helping bring more transparency to the negotiations between the life science industry and insurers over the coverage and prices of new health care interventions.

The framework does this in several ways:

1. The framework anchors judgments of value in the evidence on comparative clinical effectiveness of treatment options.

2. ICER talks directly with patients, patient groups, clinical experts, and clinical specialty societies to orient its entire report process around the clinical outcomes important to patients.

3. ICER also gains from these discussions guidance on “additional benefits” and “contextual considerations” that should be key elements of any discussion of value. For example, from multiple myeloma patient groups, we learned how important having options for oral medication is given the frequent clinic visits required for IV administration.

4. ICER seeks guidance from patients and clinicians on patient subgroups for which evidence needs to be looked at separately; important differences in how individual patients react to treatments are also explored in every report. For example, in our report on PCSK9 inhibitors for high cholesterol levels, we divided the patient population into the three patient subgroups clinical experts told us were clinically distinct, and we found differing levels of evidence to support the use of these new medicines in these three subgroups.
Won’t ICER’s reports be used to limit needed care?

Insurers have always faced the challenge of interpreting evidence on new treatments and deciding if and how to provide coverage for them. ICER offers an independent and objective source of information to support this process. All ICER reports are developed with substantial input from patients, clinicians, and manufacturers, and are open to formal public comment at multiple points. Also, all ICER reports are debated at public hearings at which independent Councils of doctors and public representatives critique the findings and take public votes indicating their view of the evidence. Through these mechanisms ICER has created a unique opportunity for patients and the public to participate in the discussions on evidence and value that have traditionally been shrouded in secrecy.

Isn’t ICER just a mouthpiece for the insurance industry? Doesn’t most of your funding come from them?

No, we do not represent the health insurance industry. We represent a core idea: that patients and society will be the ultimate beneficiaries of a health system that has a transparent and honest discourse about evidence, value, and the best way to use health care resources to improve health. Funding for ICER is dominated by grants from a variety of non-profit foundations. In order to try to make our funding as transparent as possible, ICER, almost alone among non-profit organizations, places a breakdown of all its funding on its website. As can be seen there, approximately 70% of the entirety of ICER’s funding comes from non-profit foundations. The largest individual source currently is the Laura and John Arnold Foundation. The other major non-profit foundations funding ICER are the California Health Care Foundation, and the Blue Shield of California Foundation. This last foundation was formed over ten years ago and is a separate and distinct organization from the Blue Shield of California insurance company, with a well-recognized philanthropic history in California. The remaining 25%-30% of ICER’s support is not used for our evidence report program. This funding comes from dues to support an annual Policy Summit and periodic health policy webinars. Total funding for these activities come from life science companies (17%) and health plans and pharmacy benefit management companies (9%).