QALY-based Value Assessments:

Value assessments are economic frameworks applied to healthcare decisions to determine whether the benefits of a drug or treatment are worth the price being charged for it.

An influential but controversial agent in value assessment is the Institute for Clinical and Economic Review (ICER), a private research organization, and its framework, the "incremental cost-effectiveness ratio."

one full year of perfect health = $ valued roughly at $100,000 to $150,000

While this framework has gained traction among insurers and PBMs, Cancer*Care* and many leading medical organizations have criticized ICER's methodology, citing its reliance on the discriminatory QALY standard, "one-size-fits-all" models, lack of transparency and failure to incorporate real-world perspectives from patients, caregivers and physicians.

"Principles for Value Assessment." Value Our Health, 24 June 2019

A primary concern regarding ICER is its use of a QALY (kwah-lee) standard in its value assessments.

QALY stands for "Quality-Adjusted Life Year" and is an older economic tool used to quantify the net value of a treatment by determining how its cost corresponds to the potential benefit. QALYs are used to assess whether the cost of a treatment corresponds to the potential benefits to the patient. It creates a formula that includes quality of life and quantity of life.

The assumptions QALYs make about "quality of life" are subjective, and discriminate against patients based on age, disability, and chronic conditions.

> "Let's take Jane Doe. She's 55 years old, she's developed cancer. Her treatment is probably going to cost $125,000 a year. But QALYs say that she's only worth $100,000. And that she shouldn't be getting the treatment at all, it's just denied. That's wrong, totally wrong."
>
> ~ Tony Coehlo, *Patient Rights Advocate* & *Former Congressman*

EMPLOYERS CAN avoid value assessments based on the Quality-Adjusted Life Year (QALY), such as those conducted by the Institute for Clinical and Economic Research (ICER). Don't use these discriminatory metrics when designing a formulary or assigning drugs to tiers.

Scan the QR code
to view a short video about QALY-based value assessments.

Also available at ***BetterRxBenefits.org***