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Setting health priorities: the development of cost-effectiveness league tables

Julia Fox-Rushby, Anne Mills, & Damian Walker

Alan Williams’s web site describes him as a “pseudo-retired professor of economics still active in promoting more explicit priority-setting based on cost-effectiveness approaches to both health maximisation and the reduction of health inequalities”. He is widely acknowledged as the most influential of British health economists and indeed the father of the sub-discipline in the United Kingdom, as evidenced by respondents to a survey of British health economists who, when asked about the paper deemed most influential on both the discipline and policy, answered “anything written by Alan Williams” (1) and specifically his 1985 paper reproduced here.

At first sight it may appear odd that economists should choose as “most influential” a paper about coronary artery bypass grafting (CABG), and moreover one published in a medical journal. We believe that the following features account for the seminal nature of the paper: the collection of methodological aspects that were innovative at that time; the close relationship between analysis and policy; the frank acknowledgement of the limitations in data quality; and the vision of a future research agenda. However, the active involvement of its author in proselytising and arguing for his overall vision that “an explicit approach based on cost-effectiveness reasoning is on stronger moral ground than any other approach” has also been a key reason for the paper’s success in stimulating the research and policy directions of many others (including economists).

Williams’s paper introduced four specific methodological ideas to the context of decision-making in the UK National Health Service (NHS): application of the quality-adjusted life year (QALY) as a measure of effectiveness of interventions; calculation of ratios of cost per QALY gained from interventions; presentation of the first ‘league table’ comparing the relative cost-effectiveness of different interventions; and recognition that sub-groups of patients may have differential cost-effectiveness ratios. Parts of these ideas had been developed and applied in earlier publications in the USA (2, 3) but never in the UK. The approach of combining quantity and quality of life across different health interventions in the league table was particularly influential in moving cost-effectiveness analysis away from only piecemeal decision-making to broader sectoral planning (4).

In terms of policy implications, the paper concluded that CABG compared extremely favourably with heart transplants and treatment of end-stage renal failure, favourably with valve replacement for aortic stenosis and implantation of pacemakers for heart block, and less favourably with hip replacements.

The paper was the first to compare directly the efficiency of very different types of health care interventions and, by so doing, to challenge UK government policy. However, it was also important for the future acceptance of the approach that several key people involved in these debates had been part of the
process that produced the paper and that they have been influential in the funding, implementation and development of Williams’s broader vision.

Williams disarmed his critics by his open and frank acknowledgement that the data used were extremely weak — “the data on which these judgements are based are crude and in need of refinement” — and he published the details of the evidence. Thus it is possible to see the values given and to understand the problems behind the numbers. Williams was also circumspect about how satisfactory his assumptions were. Subsequent methodological developments and empirical applications have not paid as much heed as they should have to the value of transparency (6) and this is one area where his successors should have taken greater note.

The admissions about weaknesses in the empirical data help concentrate attention on the methodology, which remains the core of the paper. They also enabled Williams to set out his vision for a future research agenda encompassing both methodological and data concerns. He argued for further research “focused much more on measurement of the quality of life and cost (both public and private)” of interventions. It is fascinating to read through the different steps of Williams’s approach and reflect on how many of them have been developed, critiqued and used over time. For example:

- Measuring the quality of life benefits from health interventions is often now a specific requirement for evaluating the effectiveness of medical interventions.
- Several alternative methods for valuing health states have been developed and tested. General population surveys of health state values exist in Finland, Germany, Japan, the Netherlands, Spain, UK and USA, and are being used to evaluate changes in health measured by the EuroQol questionnaire. This has facilitated a move towards using the general public to evaluate health states, rather than experts.
- Alternative approaches to QALYs have been developed that explore different ways of combining quality and quantity of life, and examine what types of benefits should be maximized (e.g. including considerations of non-health benefits and process utility). There is also greater attention being paid to the equity implications of QALYs and their alternatives.
- League tables of cost-effectiveness have been developed to cover a much wider variety of interventions and have been used explicitly to influence regional, national and international priorities for resource allocation.

Williams himself has taken a keen interest in these developments, always with an eye to ensuring that analyses answer policy-relevant questions. For example, he has been a persistent opponent of burden of disease analyses (7–9). However, no doubt he would approve, in principle, of WHO’s development of a list of the cost-effectiveness of over 100 health interventions across many regions of the world, for policy-advice purposes.

The pattern of close connections between methods, analysis and policy choices, as well as between academic and government economists, has been maintained and extended since the paper. Indeed, in many respects, cost-effectiveness analysis is now institutionalized, in the form of regulatory requirements especially for drugs, and through commissioning agencies such as the UK National Institute for Clinical Excellence. One area that remains neglected is the exploration of factors driving variations in cost-effectiveness ratios. This has a critical part to play in questioning and understanding the generalizability of results and models of cost-effectiveness. As demand for cost-effectiveness analysis of health interventions rises around the world, we believe this will be a burgeoning area of research over the next decade — and Williams pointed to it in the mid-1980s.

While all this subsequent development of cost-effectiveness analysis as a tool for priority setting cannot be attributed to the influence of this paper alone (and there were leaders in other countries, such as George Torrance in Canada and Milton Weinstein in the USA), nonetheless this paper clearly influenced theory, policy, teaching, research, and practice and foreshadows many very important later developments.

References

For Debate . . .

Economics of coronary artery bypass grafting

ALAN WILLIAMS

Abstract

To decide whether the number of operations for coronary artery bypass grafting should be increased, maintained at the present levels, or decreased we need to know how cost effective they are relative to other claimants upon the resources of the National Health Service. For this purpose effectiveness is taken to be the effect on life expectancy adjusted for the quality of life. In an assessment of the cost per quality adjusted life year gained coronary artery bypass grafting rates well for cases of severe angina and extensive coronary artery disease. The cost, however, rises sharply for less severe cases. Bypass grafting seems to compete favourably with valve replacement for aortic stenosis and implantation of pacemakers for heart block; it is distinctly better than heart transplantation and the treatment of end stage renal failure but is probably less cost effective than hip replacement. If the number of operations for coronary artery bypass grafting were to increase it would be a fairly strong claimant only if restricted to the most severe cases.

The data on which these judgments are based are crude and in need of refinement. The methodology is powerful, far reaching, and open to comment.

Introduction

The report of a consensus development conference on coronary artery bypass surgery recommended a large increase in the number of such operations in the United Kingdom, to 500 for every million of the population, "if this represents provision for high benefit patients." The report acknowledged, however, that such a development would require considerable funds and that "the problem of assessment of priorities remains. This in turn should take account of estimates of the relative cost effectiveness of other procedures competing for resources."

The report went on to say "We were impressed by one method of measurement combining quality and duration of life. Further development of this approach is recommended so that it can be or help not only in comparison between coronary artery bypass surgery and other priorities but also between the various subgroups of patients when it is proposed should be treated by coronary artery bypass surgery. Such techniques would also help to identify health service estimates which are being continued despite low benefit."

This paper presents the economic analysis given at the panel at the consensus development conference in the hope that this will lead to a better understanding of the methodology and enable better data to be collected and displayed than the rather crude data used here.

The problem

The objective of economic appraisal is to ensure that as much benefit as possible is obtained from the resources devoted to health care. In principle the benefit is measured in terms of the effect on life expectancy adjusted for the quality of life. The resources for health care should include not only costs to the service but also costs borne by patients and their families. Given the amount of unemployment, which is expected to persist in the near future, increases in production that might be associated with employment gains have been disregarded. Procedures should be ranked so that activities that generate more gains to health for every £ of resources take priority over those that generate less; thus the general standard of health in the community would be correspondingly higher.

Coronary artery bypass grafting is one of many contenders for additional resources. Ideally, all such contenders should be compared each time a decision on allocation of resources is made to test which should be cut back and which should be expanded. The central issue before the conference was whether the number of operations for coronary artery bypass grafting should be increased, decreased, or maintained at its present level. To address this problem three factors need to be considered: firstly, which groups of patients stand to gain the most and the least from such operations; secondly, whether any of these groups of patients gain more for every £ of resources than patients awaiting other types of cardiac surgery—for example, transplantation, replacement of valves, insertion of pacemakers, and percutaneous transluminal coronary angioplasty; and, thirdly, whether other specialists have procedures that are more important than any of these—for example, kidney transplantation, renal dialysis, and hip replacement. In an ideal world a better standard of care for the elderly, mentally ill, and mentally handicapped, diagnostic methods such as computed tomography and nuclear magnetic resonance, and preventive measures should also be considered. I shall restrict attention here to the more costly therapeutic technologies.

Measuring benefits

Generally, clinical trials compare rates of survival at various arbitrarily selected times after treatment has started. For our purposes we need to translate these comparative rates of survival into information on the change in life expectancy, which must then be adjusted for the effects of quality of life: some patients are willing to sacrifice a measure of life expectancy for a better quality of life. This feature is particularly important with respect to coronary artery bypass grafting as the procedure seems to offer a considerable improvement in the quality of life even for patients whose life expectancy has not changed or has even worsened.

To what extent will patients generally exchange duration of life for quality of life? The two principal (crude) components of quality of life in this context are physical mobility and freedom from pain (in other contexts the capacity to perform the activities of daily living and to engage in normal social interaction may be relevant).

Kind et al based their work on these two factors, and it is their work on the valuation of the state of health that is used here to establish profiles of quality of life for the various procedures under investigation. Their classification of the state of disability is as follows: I, no disability; II, slight social disability; III, severe social disability or slight impairment of performance at work; or both, able to do all housework except heavy tasks; IV, choice of work or performance at work severely limited, housewives and old people able to do only light housework but able to go out shopping; V, unable to undertake any paid employment, unable to continue any education, old people confined to home except for escorted outings and short walks and unable to shop, housewives able to perform only a few simple tasks; VI, confined to
Table 1 shows the actual (median) valuations elicited by Kind et al. for each gate of life from 70 respondents. Some severe states were regarded as worse than death—that is, had negative valuations—and it was only for those states given a value of below 0·9 (below the line) that the respondents regarded the degree of disability and distress as warranting less than 90% of the score assigned to being fit and well. The 70 respondents included 10 doctors, all of whom appeared to have a much greater aversion to disability and distress than the population at large; they would therefore overvalue reductions in disability and distress compared with the rest of the population.

In patients with disease of one vessel and severe angina (fig. 2) the probabilities would be the same but the outcomes different as coronary artery bypass grafting offers little potential benefit over medical management, and if the operation proves fatal the patients will have lost the adjusted life expectancy that medical management offers.

The three cardiac surgeons commented on the difficulty of establishing these profiles with any confidence, which seems to be a serious indictment of the nature of the evaluative work currently carried out, with measurements of the quality of life playing a minor part, so that they were having to rely heavily on their clinical experience. All three cardiologists offered prognoses for the cases of severe angina, but one was unable to offer any estimates for the cases of moderate and mild angina. The prognoses for replacement of valves for aortic stenosis were also based on only two respondents, and the prognoses for percutaneous coronary angioplasty and pacemakers were from only one respondent. Table II, based on these responses, gives a schedule of the effect on life expectancy adjusted for quality of life.

Table II—Expected value of quality adjusted life years gained from operation compared with medical management

<table>
<thead>
<tr>
<th>Degree of angina</th>
<th>Severe</th>
<th>Moderate</th>
<th>Mild</th>
</tr>
</thead>
<tbody>
<tr>
<td>Left main vessel</td>
<td>2·5</td>
<td>1·0</td>
<td>0·5</td>
</tr>
<tr>
<td>Triple vessel</td>
<td>1·5</td>
<td>1·0</td>
<td>0·5</td>
</tr>
<tr>
<td>Double vessel</td>
<td>1·0</td>
<td>0·5</td>
<td>0</td>
</tr>
<tr>
<td>One vessel (coronary artery bypass grafting)</td>
<td>0·5</td>
<td>0·5</td>
<td>0</td>
</tr>
<tr>
<td>One vessel disease (coronary angioplasty coronary angioplasty)</td>
<td>0·5</td>
<td>0·5</td>
<td>0</td>
</tr>
<tr>
<td>Coronary angioplasty</td>
<td>0·5</td>
<td>0·5</td>
<td>0</td>
</tr>
</tbody>
</table>

*Values are for a "standard" patient: a 55-year-old man with good left ventricular function and no coronary artery bypass grafting. For other classes of patients the values may be less for some patients, and there may be less variance in the values, particularly the values for patients with severe disease. The values are calculated at 5% per annum to maintain comparability with data on cost.

Measuring costs

The resources devoted to diagnosis and treatment include costs to the service and those falling on patients and their families. As there are few procedures for which much information about private costs is available these have been ignored here. The possibility that some of the rankings might have changed had private costs been included cannot be ruled out.

Several estimates of the service costs of coronary artery bypass grafting have been made in the United Kingdom and the United States of America. A detailed study conducted by the Department of Health and Social Security and the National Health Service in three NHS hospitals in 1980 suggested that the average recurrent cost of bypass surgery, including angiography, was about £3380 at 1983-4 prices, with an allowance of £725 for capital. Outpatient costs were not included. Three other British studies with apparently similar coverage of use of resources, but excluding capital, suggested that costs ranged from £2500 to £4500. Most studies have assumed that the cost of coronary artery bypass grafting is roughly the same regardless of the number of bypasses performed. American studies have suggested higher costs for bypass grafting (£375 000). Much of the difference is probably explained by the fact that doctors’ remuneration and the costs of ancillary services vary fairly high in the United States of America.
The alternative to bypass surgery is medical treatment. Some studies assume that this costs about the same with and without bypass surgery. Others suggest that medical treatment is considerably reduced after coronary artery bypass grafting, so the incidence of myocardial infarction may be reduced after grafting, resulting in further savings in medical costs.

The incidence of repeat operations after coronary artery bypass grafting and late operations after medical management may be similar. Weinstein and Simon suggested that, after working out the difference in the costs of medical care with and without operation, and the difference in the cost of treatment of myocardial infarction, the net cost of coronary artery bypass grafting is about 85% of the surgical cost in cases of severe angina and about 90% in cases of mild angina.4 When these ratios are applied to the DHSS's estimates of surgical costs of bypass surgery the excess of surgical over medical costs in the United Kingdom is about £260 for cases of severe angina and £3170 for cases of mild angina. This would suggest a cost of about £3075 for moderate angina. The implication of this British and American hybrid estimate is that the cost of medical management without operation lies between £150 and £70 annually, depending on the severity of angina. The cost of medical care after operation would be about £75 annually.

A report from the Mayo Clinic by Rrender et al indicates that, owing to the high rate of restenosis, percutaneous transluminal coronary angioplasty is only about 15% cheaper than coronary artery bypass grafting. If this is so in the United Kingdom it would mean excess costs over medical management of between £2400 and £2680.

**Cost effectiveness**

Table III shows, not surprisingly, that coronary artery bypass grafting offers better value for money in cases of severe angina and left main vessel disease or triple vessel disease and in cases of moderate angina and left main vessel disease than in any other circumstances.

To assess the relative value of coronary artery bypass grafting we need to make comparisons with other forms of expensive treatment such as replacement valves, implantation of pacemakers, and heart transplantation. Thick et al estimated the cost of inserting a prosthetic valve (Bork-Shiley) as being £2000,5 which would be £4540 at 1983-4 prices. This includes the cost of the operation, the valve, and subsequent inpatient care (intensive and general care) but does not include the cost of long term anticoagulant treatment or repeat operations. An estimate of the costs of inserting cardiac pacemakers was made by Barber, which included the costs of implanting, transplanting, and associated check-ups based on the experience at two hospitals in the West Midlands.6 These were revalued to accommodate 1983-4 prices. Initial implantation implies a commitment to future expenditure if the patient survives as replacement pacemakers are required every five years (less often if batteries powered by lithium are used).

For heart transplantation Jnettst quoted a figure of £15 000 (November 1982 prices) for initial costs; additional costs for subsequent drugs, etc, need to be included, which I have taken to be slightly higher than those required for kidney transplantation, amounting to an annual figure of about £2000.

For the quality of life I obtained estimates for patients with replaced valves and pacemakers by the same method as for those who had undergone coronary artery bypass grafting, but for heart transplantation I used Hellingler's review of American (mainly from Stanford) experience, which indicated gains in life expectancy of between about two and six years.78 As techniques have probably improved I took a figure of 5-5, which I assume to be good quality of life, which, with discounting, gave a score of 4.5. Table IV summarizes these data and shows that insertion of pacemakers (for heart block) and replacement of valves (for aortic stenosis) are better value for money than coronary artery bypass grafting, though insertion of a pacemaker for the sick sinus syndrome and replacement of valves for mitral problems compare less favourably. Heart transplantation does not seem to be a serious contender. Table V shows the costs and relative gains in adjusted quality of life for the treatment of end stage renal failure and hip replacement. Interestingly, all treatments examined so far, hip replacement comes near the top of the league whereas renal dialysis fares less well than heart transplantation.

### Table III—Summary of costs and benefits of three cardiac procedures

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Present value of costs/service rate (£1000)</th>
<th>Discounted quality adjusted life years gained</th>
<th>Present value of extra cost per quality adjusted life year gained (£1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valve replacement for aortic stenosis</td>
<td>4.5</td>
<td>5</td>
<td>0.4</td>
</tr>
<tr>
<td>Pacemaker implantation for supraventricular tachyarrhythmia</td>
<td>3.5</td>
<td>5</td>
<td>0.2</td>
</tr>
<tr>
<td>Heart transplantation</td>
<td>5</td>
<td>4.5</td>
<td>5</td>
</tr>
</tbody>
</table>

### Table IV—Summary of costs and benefits of some selected non-cardiovascular treatment

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Present value of extra service rate (£1000)</th>
<th>Discounted quality adjusted life years gained</th>
<th>Present value of extra cost per quality adjusted life year gained (£1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kidney transplantation (surgery)</td>
<td>15</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Hemodialysis in hospital</td>
<td>70</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Hemodialysis at home</td>
<td>66</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Hip replacement</td>
<td>3</td>
<td>4</td>
<td>0.75</td>
</tr>
</tbody>
</table>

*All costs at 1983-4 prices, excluding an estimate of annual inpatient cost. Complexion only included in costs of end stage renal failure. For hip replacement a 2% rate of failure and replacement each year is assumed.

Treatment Unit, DHSS Economic Adviser’s Office, November 1983.
Such information is not readily available, and the assumptions that I had made are not entirely satisfactory. Clearly, further research is needed and should be focused much more on measurement of the quality of life and on costs (both public and private). Far too much attention has been paid to the rate of survival, which, in the case of coronary artery bypass grafting and many other therapeutic procedures in which the main benefit is improved quality of life, is potentially misleading.

Resources need to be redeploled at the margin to procedures for which the benefits to patients are high in relation to the costs, such as the insertion of pacemakers for heart block, hip replacement, replacement of valves for aortic stenosis and coronary artery bypass grafting for severe angina with left main disease and triple vessel disease and moderate angina with left main disease. These treatments should take priority over additional facilities for patients needing kidney transplants and coronary artery bypass grafting for mild angina with left main disease, moderate angina with triple vessel disease or one vessel disease, and severe angina with one vessel disease, for which the costs per quality adjusted life year gained are higher.

I thank Martin Buxton, Philippa Hughes, Jeremy Hurst, and Peter Mancini for their help.

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6. Paul M. Health Economics/community medicine approach to planning of facilities for coronary artery bypass surgery at the NHS district level. Paper presented to the health economics study group meeting at the University of Aberdeen, 1984.

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