

Why should the German approach to health economic evaluation differ so markedly from approaches in other EU Member States?

The Efficiency Frontier is the method by which German policy makers establish the cost-effectiveness of new pharmaceutical technologies. In a new paper, *Corinna Klingler, Sara Shah, Anthony Barron and John Wright* argue that the development of the Efficiency Frontier can be associated with cultural reluctance to frame healthcare prioritization decisions around cost based valuations of human health and related doubts about the validity of metrics for human health gain. Using information gathered in interviews with key stakeholders, the authors contend that the Efficiency Frontier method responds to an environment characterized by a need to deny, or to ignore, the need to ration healthcare, and a deep aversion to describing the benefits of health gains in monetary terms.

Today, the development of increasingly sophisticated healthcare products with the capacity to extend human life has produced a transnational growth in public demand for access to new health technologies. Currently, many developed nations are struggling with the problem of balancing limited healthcare budgets against the requirement to ensure comprehensive and equitable public access to new technologies. And in Europe, policy-makers have responded to these common pressures by delegating authority to independent Health Technology Assessment (HTA) agencies, such as the Institute for Quality and Efficiency in Health Care (IQWiG) in Germany and the National Institute for Health and Clinical Excellence (NICE) in England, for the purpose of establishing the effectiveness and/or cost-effectiveness of new medicines.

The German Efficiency Frontier approach to establishing cost-effectiveness differs from approaches utilized in other EU member states, such as the UK, France and Sweden. For example, the Efficiency Frontier approach differs from NICE's approach to establishing cost-effectiveness in two important ways. Firstly, the approach does not set a fixed financial threshold against which new treatments are compared. And secondly, the process does not demand measures such as quality-adjusted life years (QALYs), which are used to estimate how many healthy years an individual may gain from a treatment.

Under the Efficiency Frontier, the threshold for demonstrating cost-effectiveness is less explicit and less visible. While the approach incorporates the deduction of thresholds, these vary across therapeutic areas and do not have to be fixed in advance. Although it does not remove the need to define thresholds, the Efficiency Frontier successfully reduces any political risk that might be involved in a discussion of healthcare rationing and postpones the debate about what an acceptable threshold might be. A similar argument holds for the use of QALYs.

In this way, contextual and cultural factors have mediated the rise and development of methods for cost-effectiveness analysis through Health Technology Assessment. And it seems, therefore, that there are no automatic links between the functional pressures and advantages of delegation to independent agencies for HTA and their emergence in national governance structures. Indeed, the delegation of authority to independent HTA agencies may follow a broadly evolutionary pattern, in which contextual factors allow for significant variation in institutional and methodological responses to the common functional pressures and advantages leading to their establishment.

For more information, please contact [John Wright](#).

References

Klingler C, Shah SMB, Barron AJG, Wright JSF (2013) [Regulatory space and the contextual mediation of common functional pressures: Analyzing the factors that led to the German Efficiency](#)

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