

IVI Value Blueprint Defines Novel Tool to Help Decision Makers Estimate Value in Healthcare

Accounting for 'Insurance Value' Offers Insights into Value for Healthy Individuals

Alexandria, VA – July 25, 2019 – “Insurance value” is a novel concept in value assessment that offers insights into how new treatments bring broader population-level value to healthy individuals who may be at risk of needing innovative treatments in the future, according to the latest research brief published by the non-profit Innovation and Value Initiative (IVI).

The brief published by IVI is the third in the [Value Blueprints](#) series exploring insights from the Open-Source Value Project (OSVP). The OSVP fosters collaboration and advances the methods and practice of value assessment through iterative development of disease-specific economic models.

“The insurance value of an innovative therapy is a relatively new concept, but some leading health economics and outcomes researchers, including the ISPOR Special Task Force on Value Assessment Frameworks, are already suggesting that it generates important insights that are not currently captured by traditional cost-effectiveness analyses,” said Jennifer Bright, IVI’s executive director. “What we’re learning from the OSVP is that, while the methods are still in early stages, it is possible to include insurance value in cost-effectiveness models. This allows us to better account for the value that medical technologies bring to healthy individuals by reducing the physical risks of potential future illness – an important consideration for decision-making around healthcare resources, especially in terms of how we understand the value of treatments for rare or severe diseases.”

While conventional cost-effectiveness models focus on the health benefits for a person who is already sick, individuals who are currently healthy are also concerned about the risk of future illness. The very existence of health insurance demonstrates this perspective. For a healthy consumer at risk of getting sick in the future, a new therapy functions like an insurance policy against the physical (as opposed to financial) risks of illness. For risk-averse healthy consumers, the peace of mind provided by this insurance against physical risk from illness is valuable, in the same way that the peace of mind provided by a homeowner’s insurance policy is valuable to a consumer concerned about a potential fire.

In the research brief, IVI used its OSVP model for rheumatoid arthritis (the IVI-RA model) to illustrate how insurance value can be estimated and incorporated into value assessment. A hypothetical example provides insight into how a decision maker – in this case an insurer – might glean information to better guide resource investments that effect an entire covered population, especially if used in comparison across disease areas.

Insurance value provides important insight into the relative value of therapies from a broader societal perspective, by clarifying their value to those who may need them in the future – especially in the context of rare or particularly severe diseases. Continued research into innovative concepts and methods, accompanied by real-world testing and debate, is necessary for concepts like insurance value to mature and inform value-based decisions in the real world. IVI is committed to continuing research to improve value assessment in healthcare and encourages others to join in the effort.