MCGR Technique: Economics of Growing Rod Surgery

David W. Polly, Jr, MD

International Congress on Early Onset Scoliosis and Growing Spine
November 20-21, 2014 – Warsaw, Poland
• **David Polly:** *None.*

• Covance Health Care Economics received funding from Ellipse to do this modeling work
What is Modeling?

- Simulation of reality in simple, straightforward manner
- A tool for evaluating the clinical AND economic impact of interventions for a given clinical condition
- Systematic aid to decision-making
Safety
Efficacy
Effectiveness
Health Plan Data
Resource Utilization
Costs
Modeling
Disease and Procedure Description
Overall Procedure Cost and Value

“SHOW ME THE VALUE!”

Clinical Studies
Economic Evaluation
Three Guiding Principles of Models

• Methodologically Sound
• Transparent
  – Calculations
  – Assumptions
  – Data Sources
• User-Friendly
Types of Models

- Cost-of-Illness Models
- Budget Impact Models
- Cost Minimization Models
- Cost-Effectiveness / Cost-Utility Models
<table>
<thead>
<tr>
<th>Country</th>
<th>Type of Models Used by Payers</th>
</tr>
</thead>
<tbody>
<tr>
<td>🇺🇸</td>
<td>Budget Impact Model</td>
</tr>
<tr>
<td>🇨🇦</td>
<td>Cost-Effectiveness Model, Budget Impact Model</td>
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<tr>
<td>🇦🇺</td>
<td>Cost-Effectiveness Model, Budget Impact Model</td>
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<tr>
<td>🇫🇷</td>
<td>Cost-Effectiveness Model, Budget Impact Model</td>
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<tr>
<td>🇬🇧</td>
<td>Cost-Effectiveness Model, Budget Impact Model</td>
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</tbody>
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Budget Impact Models

- Estimates costs only
  - Does not consider effectiveness
- Compares two or more alternatives
- Customize models for health plans (including from a national perspective, if appropriate)
  - Results can be expressed as Per Member per Month, or annual expenditure for a given budget holder.
Perspective

- Society
- Healthcare System
- Payer
- Patient
- Provider
## Costs Under Different Perspectives*

* Adapted from Gold MR et al, p.187.

<table>
<thead>
<tr>
<th>Cost Element</th>
<th>Societal</th>
<th>Patient</th>
<th>Payer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical care</td>
<td>All medical care costs</td>
<td>Out-of-pocket expenses</td>
<td>Covered payments</td>
</tr>
<tr>
<td>Patient time</td>
<td>Cost of all time used</td>
<td>Opportunity cost to patient</td>
<td>None</td>
</tr>
<tr>
<td>Informal care giving</td>
<td>All costs</td>
<td>Opportunity cost to caregiver</td>
<td>None</td>
</tr>
<tr>
<td>Transportation</td>
<td>All costs</td>
<td>All costs</td>
<td>None</td>
</tr>
<tr>
<td>Sick leaves, disability</td>
<td>Admin costs only</td>
<td>Amount received</td>
<td>Amount paid by insurer</td>
</tr>
</tbody>
</table>

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* Adapted from Gold MR et al, p.187.
• Includes time to get IV into patient for anesthesia and minutes under anesthesia
  – Average 125 minutes under anesthesia per GSSG database
  • Anesthesia provider fee calculation: (Base Units + Time (in units)) x CF = Anesthesia Fee Amt. This is the physician payment.

• Payer mix weighted conversion factor = $42.25; calculation: ((private 51.5% x $67.94) + Medicaid 48.5% x $22.6765 x 66%). [10 base units + 8.33 time units] x $42.25 = $774.44 (If assume 13 base units then total anesthesia fee = $901.19).
In the sensitivity analysis in the MCGR technique budget impact model, the following factors were key cost drivers:

- Infections
- Inpatient vs. outpatient procedure
- Frequency of lengthening
- Type of implant
Cost Driver: Infections

- Stainless steel
- Non-ambulatory
- Multiple revisions (>8)

- Idiopathic cases
- ‘Normal’ host
Cost Driver: Inpatient vs. Outpatient

- Epidemiology of site is key
  - Strong genetic program
  - High syndromic prevalence

- Idiopathic cases
- Normal pediatric unit

Inpatient

Outpatient
Site of Lengthening Procedure

- % TGR pts inpt lengthening
- GSSG query 11/2/14 2,108 lengthening only
  - 949 inpt
  - 805 outpt
  - 354 unknown
Cost Driver: Frequency of Lengthening

Minimum

Maximum
Cost Driver: Type of Implant

Simple

Complex
Illustration: Tornado Diagram

Tornado Diagram for the Impact of Product X to Hospital Inpatient Budget

- Hospital stay duration in days
- Acquisition cost of product X
- ICU stay duration in days
- Operating room costs
- Medical/surgical supplies
- Treatment costs related to blood loss
- Treatment costs for complications
- Treatment costs for follow-up care

Budget Impact Range:
- $1,000,000
- $500,000
- $0
- $500,000
- $1,000,000
- $1,500,000
- $2,000,000
Putting NICE guidance into practice

Costing statement: The MAGEC system for spinal lengthening in children with scoliosis Implementing the NICE guidance (MTG18)

Published: June 2014
The Committee for the topic was advised that the population of children for whom the MAGEC system would be considered is small, with an estimated 120 children per year in England who may be treated using growth rods. Because of this, it is unlikely that the guidance will result in a significant change in resource use in the NHS.

The External Assessment Centre estimated the insertion costs of MAGEC rods to be £27,400, with an annual lengthening cost of £900. In contrast, conventional growth rods are estimated to cost £15,300 for insertion and £5400 for annual lengthening.

The additional insertion cost of £12,100 for the MAGEC system has a payback period of less than 3 years. Anticipated savings per child after 6 years are estimated to be around £12,000.
Direct costs associated with the management of progressive early onset scoliosis: Estimations based on gold standard technique or with magnetically controlled growing rods

C. Charroin\textsuperscript{a}, K. Abelin-Genevois\textsuperscript{b}, V. Cunin\textsuperscript{b}, J. Berthiller\textsuperscript{c,d}, H. Constant\textsuperscript{a}, R. Kohler\textsuperscript{b}, G. Aulagner\textsuperscript{a,e}, H. Serrier\textsuperscript{d}, X. Armoiry\textsuperscript{e,f,*}

\textsuperscript{a} Hospices Civils de Lyon, Groupement Hospitalier Est, Service Pharmaceutique, avenue du Doyen-Lépine, 69500 Bron, France
\textsuperscript{b} Hospices Civils de Lyon, Groupement Hospitalier Est, Service Chirurgie Orthopédique pédicatrique, Université Claude-Bernard Lyon 1, avenue du Doyen-Lépine, 69500 Bron, France
\textsuperscript{c} Pôle information médicale - évaluation recherche, équipe d'accueil 4129, hospices civils de Lyon et université de Lyon, 59, boulevard Pinel, 69677 Bron, France
\textsuperscript{d} Hospices Civils de Lyon, Pôle Information Médicale Évaluation Recherche, 59, boulevard Pinel, 69677 Bron, France
\textsuperscript{e} Université Claude-Bernard Lyon 1, UMR-CNRS 5510/MATEIS, Bron, France
\textsuperscript{f} Hospices Civils de Lyon, Délegation à la Recherche Clinique et à l'Innovation, Cellule Innovation, avenue du Doyen-Lépine, 69500 Bron, France
Fig. 1. Cumulated costs over time horizon for traditional growing rod and magnetically controlled growing rod strategies.
Fig. 2. Tornado diagram assessing sensitivity on cost differential.
Key Cost Drivers

- Cost of hospital stays (from TGR lengthening)
- Cost of implants
  - Single vs dual rods
- Assumed infection rate and rod breakage rates are same between TGR and MCGR
- Rate of implant (MCGR) replacement due to growth will be significant
- Duration of model will have effects as well
  - UK 6 year model France 4 year model
  - US model will be 6 years
What Else Should Be Considered?

- Decreased episodes of general anesthesia
- Perhaps decreased patient and family anxiety
- Potentially increased visits to outpatient clinic
- Effect on number of x-rays?
- Clinical effectiveness?
- If the new technology is cost neutral it is a big win, if it increases costs but has additional definable benefits it is still ok