

July 15, 2021

Honorable Assemblymember Jim Wood
California State Capitol
Sacramento, CA

RE: California Health Care Quality and Affordability Act

Dear Assemblymember Wood,

On behalf of the 5.7 million people in California with doctor-diagnosed arthritis, the Arthritis Foundation appreciates the opportunity to comment on proposed California Health Care Quality and Affordability Act (introduced as Assembly Bill 1130 earlier this session). The Arthritis Foundation shares the concern about high drug costs, and we hope to work with you to address this important issue. We appreciate the work that members of the California State Legislature have done and continue to do on behalf of Californians with chronic diseases, including those with arthritis. The Arthritis Foundation urges legislators to ensure that the California Health Care Quality and Affordability Act does not open the door for use of Quality-Adjusted Life Years (QALYs) in determining long-term value of treatments.

The Arthritis Foundation believes that methodologies utilizing QALYs alone for value assessment are concerning, discriminatory to patients, and outdated. Relying on population-based assessments that do not reflect the heterogeneity of disease subpopulations, patient treatment responses, and patient preferences increases the risk of mischaracterizing the value of the treatments. No single QALY threshold estimate can or should be generalizable to all disease populations, and QALY thresholds vary by decision-maker, population, and disease. Despite the near-universal concerns from the patient community, ICER (Institute for Clinical and Economic Review) continues to use a cost-effectiveness threshold of \$100,000 to \$150,000 per QALY gained as the standard for its value-based price benchmark for *all* assessments. If applied by payers, this threshold could easily disqualify all biologic medications for rheumatoid arthritis (RA) from being covered, per the 2017 ICER review of RA drugs. This is unacceptable, and we have urged ICER to work with the patient community and other stakeholders to develop a more appropriate, patient-centered approach to setting benchmarks.

We strongly believe that patient needs should be central to value assessment and have worked closely with stakeholders including ICER, the Innovation and Value Initiative (IVI), and the Patient-Centered Outcomes Research Institute (PCORI) to represent people with arthritis in this space. We believe in the concept of value assessment, but value cannot be adequately measured with the QALY. The quantitative and qualitative patient data show that a one-size-fits-all methodological approach is not appropriate and will not adequately capture patient needs. The Arthritis Foundation and patient advocacy community is concerned with the insufficient variance between disease states and lack of distinction between therapeutic modalities, chronic versus acute disease, and patient preferences. We continue to encourage ICER and other value assessors to explore more transparent, patient-centered methods for calculating the benefit of

treatments other than the QALY, and the Arthritis Foundation is working diligently with leaders and stakeholders in this space towards this goal.

Accordingly, the Arthritis Foundation suggests that any legislative vehicle for the California Health Care Quality and Affordability Act contain the following language to restrict the use of QALYs:

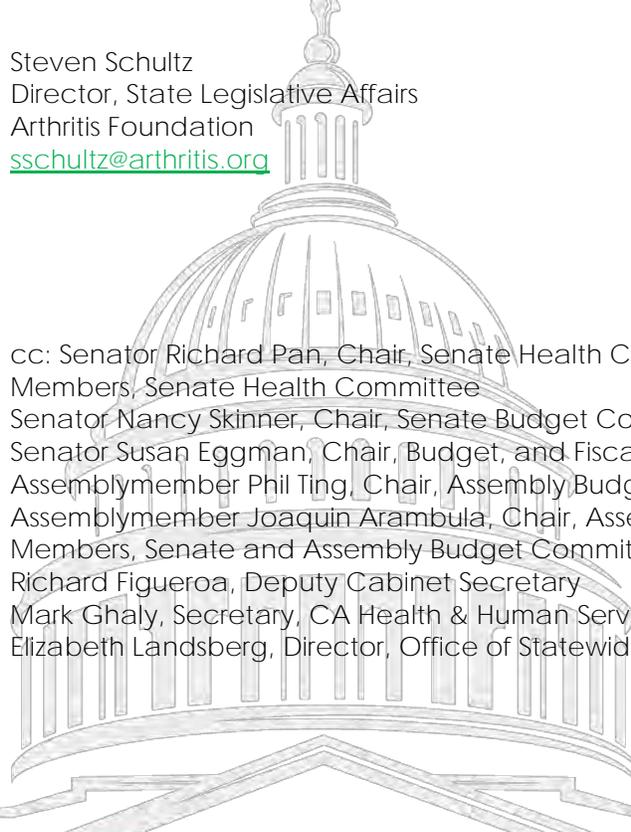
- Amendment 1: within Chapter 2.6, Part 2 of Division 107 of the Health and Safety Code, Article 3, Section 127502, insert: “(9) Minimize impact on access to care with specific consideration of the impact on persons with disabilities and chronic illness.”
- Amendment 2: within Chapter 2.6, Part 2 of Division 107 of the Health and Safety Code, Article 3, Section 127502, insert: “(n) The Office or Board shall not develop or utilize, directly or indirectly through a contracted entity or other third-party, a dollars-per-quality adjusted life year or any similar measures in determining cost targets or developing policies or programs.”

Again, the Arthritis Foundation thanks you for the opportunity to engage on this legislation. We urge California legislators to work with the Arthritis Foundation and other interested parties in the patient community on an alternative approach.

Sincerely,



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Arthritis Foundation
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cc: Senator Richard Pan, Chair, Senate Health Committee
Members, Senate Health Committee
Senator Nancy Skinner, Chair, Senate Budget Committee
Senator Susan Eggman, Chair, Budget, and Fiscal Review Subcommittee No. 3
Assemblymember Phil Ting, Chair, Assembly Budget Committee
Assemblymember Joaquin Arambula, Chair, Assembly Budget Subcommittee No. 1
Members, Senate and Assembly Budget Committees
Richard Figueroa, Deputy Cabinet Secretary
Mark Ghaly, Secretary, CA Health & Human Services Agency
Elizabeth Landsberg, Director, Office of Statewide Health Planning & Development