No Medicare Coverage Without Evidence Of Effectiveness

Steven Pearson and Peter Bach (Oct 2010) suggest that Medicare use a “dynamic pricing” model that pays a reduced amount for services with insufficient evidence of comparative effectiveness evidence. This raises the question of why the Centers for Medicare and Medicaid Services (CMS) would provide a Medicare coverage determination for a new service for which there is no evidence of effectiveness at least equivalent to relevant alternatives (the current standard of care within the medical community).

A Medicare coverage determination by CMS for a new service should be based on sufficient evidence that the new service is at least as effective as the relevant alternatives. If no such evidence of comparative effectiveness exists, then the new service should be considered “not reasonable and necessary,” and by statute CMS should not provide a coverage determination for it.

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