

Health Economics Sub-Committee (HESC)

Terms of Reference

Purpose:

The Health Economics Sub-Committee (HESC) is a sub-committee of the Prostheses List Advisory Committee (PLAC). The sub-committee is composed of a Chair with current PLAC membership and individuals with expertise in health economics.

The primary role of the HESC is to assess whether a product's proposed benefit is reasonable in light of its clinical effectiveness relative to benefits for currently listed prostheses, including similar prostheses not necessarily used for the same indications, and where possible and appropriate in light of the cost of prostheses in other markets. The assessments inform the HESC's advice to the PLAC on appropriate Prostheses List Minimum Benefits.

The Benefits proposed by HESC are provided to the PLAC for consideration in their recommendations to the Minister for Health on listing prostheses and the proposed Minimum Benefit. This process is prescribed under the Prostheses Rules, in accordance with section 72-1 of the *Private Health Insurance Act 2007*, mandating Minimum Benefits payable by private health insurers.

Roles and function:

The role of HESC is to undertake assessments and propose benefits for products recommended for listing on the Prostheses List that require new groupings (as they have no relevant group, sub-group or suffix or are proposed for a different benefit group/suffix). This includes:

- proposing benefits for products recommended for listing on the Prostheses List that:
 - a. do not have a comparator on the Prostheses List;
 - b. are new or novel products;
 - c. do not have a current group, sub-group and/or suffix; and/or
 - d. the sponsor has established clear clinical superiority for, compared to those in an existing group and is requesting a higher benefit.
- where appropriate, drawing on MSAC advice on the effect of different benefit levels for a prosthesis on the cost-effectiveness of that prosthesis;
- assisting PLAC in developing interim benefit setting arrangements and the development of a future benefit setting policy and procedure; and
- providing advice where requested by PLAC or the Department of Health.

Consideration of whether a device meets the eligibility criteria for the Prostheses List is not within the scope of this sub-committee.

The HESC will refer applications to the Medical Services Advisory Committee (MSAC) either via the Evaluation Sub Committee (ESC) of MSAC or directly to MSAC:

- where the application is for a first in class medical device; or
- where the applicant claims use of a medical device delivers superior health outcomes relative to existing alternative devices, and seeks a higher benefit, and comparison with other items on the Prostheses List or prices in other markets cannot be used to establish a reasonable benefit; or
- where the application is for an innovative medical device where an appropriate comparator listed on the Prostheses List cannot be identified and prices in other

markets are not available to inform a recommended minimum benefit. This may relate to the device itself, the patient population or the circumstances of use of the device.

The HESC should liaise with the Pharmaceutical Benefits Advisory Committee (PBAC) and/or its subcommittees for advice on comparative clinical effectiveness and cost effectiveness of a new medical device incorporating a medicine.

Composition:

The size and composition of the HESC will be determined by the PLAC or in consultation with the Department of Health.

The Chair must be a current PLAC Member. Other members of HESC need not be members of PLAC. Members may serve on the HESC and the PLAC including any of PLAC's subcommittees.

Nomination of Members is reviewed and endorsed by PLAC based on a nominee's expertise in health economics. Members are appointed by the Department as members of a department committee.

From time to time, HESC may call on advice from other external and/or expert advisors at the discretion of the HESC Chair.

The Department, in consultation with PLAC, can terminate a HESC Chair or Member's appointment at any time at its discretion.

Members sign a Deed of Undertaking in Relation to Confidentiality and Conflict of Interest upon appointment, and are required to declare potential, perceived or actual conflicts for each meeting/matter being considered.

Membership appointments are generally for a two year term.