

days. The new HHS leadership team has unprecedented opportunities to advance evidence-based health care for all patients.

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Medical Device Market: If It Ain't Broke, Don't Fix It

Three papers in the Nov/Dec 09 issue (by James Robinson, Mark Pauly and colleagues, and Jeffrey Lerner and colleagues) propose reforms in how medical devices are sold to hospitals. These papers ignore a fundamental fact: the medical device market is already highly competitive and functions effectively to keep price increases low.

A study by Guy King, formerly chief Medicare actuary, and Gerald Donahoe tracked medical device prices and spending over a fifteen-year period (1989–2004). Spending was a low and relatively consistent share of national health spending, in the range of 5–6 percent. With regard to pricing, they found that medical device prices increased an average of 1.2 percent a year—one-quarter as fast as the Medical Consumer Price Index (MCPI) and half as fast as the general CPI.

Data on the issue of “physician preference” items such as implants are less available, but they indicate the same pattern. For cardiac implants, according to Millennium Research Group, the average selling price for drug-eluting stents declined 14.6 percent in 2004–2007. Company data shows declining prices for implantable cardioverter-defibrillators (ICDs) and pacemakers as well. In orthopedics, prices for knee implants grew 1.5 percent per year during 2005–2009; for hips, the increase was only 0.8 percent per year.

Perhaps most compelling is the American Hospital Association's (AHA's) own analysis of the sources of hospital cost increases during 2001–2006. Medical device purchases were not even large enough as a category to merit a separate entry in the AHA's pie chart of fac-

tors. Instead, they were lumped into an “all other” category that in total contributed just 12 percent to hospital cost increases. A similar analysis by the AHA for the period 1998–2003 produced the same result.

There is an old adage: “If it ain't broke, don't fix it.” The market for medical devices not only is not broke, it is functioning extremely well.

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Medical Device Market: An Author Responds

By insisting that the market for medical devices works well, Stephen Ubl avoids addressing the evidence we presented (Nov/Dec 09) that secrecy about their price violates the public interest in fair negotiations. This evidence includes the negative effects of manufacturers' aggressive new strategies to prevent hospitals from disclosing prices paid for implants, even to surgeons or benchmarking services that help hospitals negotiate purchases. If he is correct that prices of implantable devices have been reasonable when comparative information about those prices was available, what is the rationale for preventing hospitals from continuing to use that information? With so much money at stake, a fully competitive market, imposed by law if necessary, is justified.

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The Evidence Dilemma And Cultural Change

In their otherwise excellent paper, Muin Khoury and colleagues (Nov/Dec 08) maintain: “Setting the evidence threshold [for genomics, especially genetic tests] too high could...be a disincentive for investments in research and development.” If so, medical research has undergone a cultural change. Until 1980, universities and their faculties accepted