

“Crash Course” in Health Economics

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Resources- people, time facilities, equipment, and knowledge- are scarce. Choices must and will be made concerning their deployment, and methods such as “what we did last time”, “gut feelings” or even “educated guesses” are rarely better than organized consideration of the factors involved in a decision to commit resources to one instead of another.

Two features characterize economic analysis, regardless of the activities (including health services) to which it is applied. First, it deals with both the inputs and outputs, sometimes called costs and consequences, of activities. Second, economic analysis concerns itself with choices. Economic analysis seeks to identify and to make explicit one set of criteria that may be useful in deciding among different uses for scarce resources. So, economic evaluation can be defined as the comparative analysis of alternative courses of action in terms of both their costs and consequences. (1)

Economic evaluation in health care is a thriving international activity that is increasingly used to inform decisions of various health care systems about which health intervention to fund from available resources. This is particularly true of decisions about the coverage or reimbursement of new pharmaceuticals. The first jurisdictions to use economic evaluation in this way were the public health systems in Australia and Ontario, Canada. In the UK, the National Institute of Clinical Excellence (NICE) has a wider purview in terms of health technologies and uses economic evaluation to inform decisions about medical devices, diagnostic technologies and surgical procedures, as well as pharmaceuticals.(2)

This course describes how economic theory is linked to economic evaluation techniques like cost minimization, cost-effectiveness, cost utility and cost benefit analysis and introduces students to many concepts that are specific to economic evaluation. Explores other theories and concepts, including cost measurement, benefit valuation, and incremental decision-making

1. Drummond et al. Methods for the Economic Evaluation of Health Care Programmes..
2. Briggs et al. Decision modelling for Health Economic Evaluation