The application of economics to health research

Faculty of Medicine, Dentistry and Health Sciences
Research day – ‘Partnering for Success’

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Professor Elizabeth Geelhoed
School of Population Health
The University of Western Australia

Email: Elizabeth.Geelhoed@uwa.edu.au
Outline

• The increasing need for evidence of cost-effectiveness for new and existing technologies

• Brief overview of cost-effectiveness

• Examples
The rise of health economics

- Demand for health care is increasing faster than population growth
  - ageing population
  - increasing technology
  - increasing expectations

- Health costs are increasing faster than CPI
- and declining dependency ratio
Cost-effectiveness

How do we sort out the relative value of new interventions, not forgetting that different target groups respond differently and that the issue of equity may be in conflict with efficiency?
Cost-effectiveness

• For a given intervention
  – Does it offer value for money? (ICER)
  – Is it an improvement on the current status quo
    (interpretation of the ICER including opportunity cost)
  – Is it affordable?
    (budget impact)

➢ Estimation of cost-effectiveness can answer these questions
Inclusion of health economics

• Translation aspects of the research protocol
• Consideration of downstream application for subsidy through Medicare or PBS
• Comparison with alternative interventions
Examples

- Cost-effectiveness of screening for PKU and CH
  - Benefits well recognised
  - Accepted as cost-effective
  - Unknowns regarding MPKU
  - Potential to add further tests such as CAH
  - Benchmark for other programs
From the UK

• UK Govt pays 2700 GBP for a course of IVF
• For a woman <40 years, the probability of a successful pregnancy is increased by 0.3

Is this good value for money?

Alternative choices:
  One third of a cochlear implant
  Eleven cataract removals
  One heart bypass operation

……..choices outside the health sector
Questions such as:

• If secondary pharmaceutical prevention could be increased to levels of best practice as indicated by clinical guidelines, could this save money in health?

• Is it economically efficient to employ ‘navigators’ to assist Indigenous cancer patients through treatment processes?

• Can models of social innovation effectively and economically address issues of youth drug dependency and crime?

• What is the economic impact of increasing staffing levels
  • Increased levels of expertise in ED
  • Increased numbers of nurses
Medical Services Advisory Committee
Application process

1. **Suitability**
The Applicant seeking new Medicare Benefit Schedule (MBS) items or amendments to existing MBS items consults with the Health Technology Assessment (HTA) Team in the Department of Health to determine suitability.

2. **Pathways**
MSAC is supported by two sub-committees: Protocol Advisory Sub-Committee (PASC); and Evaluation Sub-Committee (ESC).

3. **MSAC Appraisal**
MSAC undertakes rigorous and transparent appraisals before advice on medical services is provided to Government for consideration to ensure cost-effective, evidence-based, best practice care. The MSAC Public Summary Document, including meeting minutes will be published on the MSAC website.

4. **Withdrawal**
An applicant may request that its application to MSAC be withdrawn at any time.

5. **Post MSAC Consideration for Listing**
Only after Government consideration of advice from MSAC is a decision made on whether an item is to be included or amended on the MBS.
Total health expenditure as a share of GDP, 2009

Source: OECD Website
http://www.oecd.org/document/38/0,3746,en_21571361_44315115_48289894_1_1_1_1,00.html