Cost-effectiveness Thresholds: Should we be Generating More Empirical Evidence and, if so, How?

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**Context**

- Resource allocation decisions increasingly informed by cost-effectiveness analysis
- Relevance to decisions requires information about how to interpret estimates of incremental cost and incremental benefit
- Incremental cost-effectiveness ratio: $\Delta C/\Delta E$
- Comparison against a suitable cost-effectiveness threshold
- Threshold crucial but
  - Uncertain conceptually
  - Little empirical estimation
Cost effectiveness plane

Contrasting conceptual foundations

**Demand side**
- Individuals’ valuation of changes in their own health
- Generally expressed as willing to forgo consumption
- Not related to current health system financial constraints
- Various approaches to estimation
- Behind WHO thresholds

**Supply side**
- Reflects system's financial constraints
- Reflects health effects of displaced activities (health opportunity costs)
- Type of opportunity costs may depend on system
- Can be estimated empirically
Issues

• What is the appropriate conceptual basis for cost effectiveness thresholds?
• To what extent does this depend on the characteristics of the health system?
• What estimation strategies are available?
• What datasets are available for estimation?

Our speakers

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