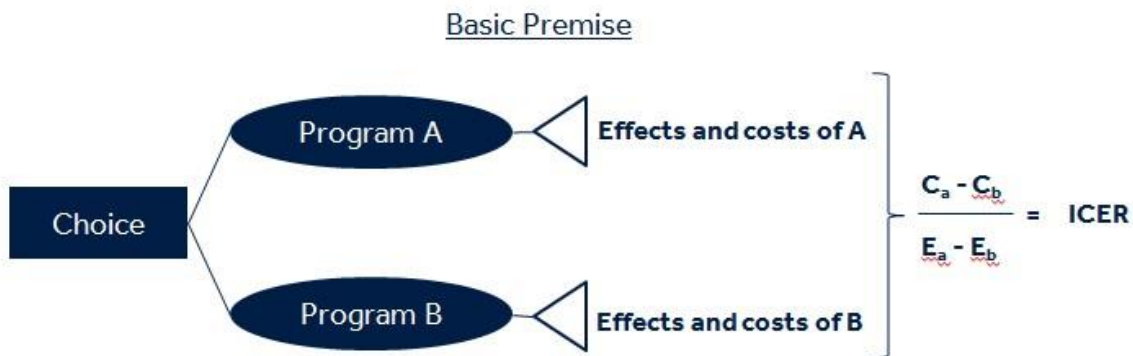


What is Health Economics?

- Economics is a discipline of scarcity and allocation of resources (e.g., “Do I buy the cheaper car, or pay a bit more for the nicer one?”).¹ The application of health economics is concerned with maximizing the *value for money* by ensuring not only the clinical effectiveness of health care interventions, but also their cost-effectiveness.¹

What is Health Economic Evaluation?

- Health economic evaluation is an analytical framework of making best use of evidence on costs and benefits associated with two or more alternatives.² It is one of many tools used to assist with decision making on “Whether to cover?” and “How much to pay?” for a particular intervention.^{2,3} Health economic evaluation can be applied to all health technologies, including drugs, devices, and procedures.²



ICER: Incremental Cost Effectiveness Ratio; C: cost; E: effect

Why is Health Economic Evaluation important?

1. Increasing budgetary pressures on health care systems around the world have led to a shift in focus from clinical effectiveness to cost-effectiveness.²
2. Certain countries have evolved in a way that sets health economic evaluation as a fundamental part of coverage and payment decision-making process.²

¹

Haycox, A. What is Health Economics? Hayward Medical Communications, a division of Hayward Group Ltd. April 2009. Accessed on 5 August, 2016.

http://www.medicine.ox.ac.uk/bandolier/painres/download/whatis/what_is_health_econ.pdf

²

Drummond, Michael F., et al. *Methods for the economic evaluation of health care programmes*. Oxford university press, 2015. ³

Shiell, A., et al. "Health economic evaluation." *Journal of epidemiology and community health* 56.2 (2002): 85.