

Book Review

Methods for the Economic Evaluation of Health Care Programmes, second edition. By Michael F. Drummond, Bernie O'Brien, Greg L. Stoddart, George W. Torrance. Oxford: Oxford University Press, 1997.

This book is addressed to economists, medical researchers, clinicians and multi-disciplinary teams who are undertaking economic evaluation of medical and other health programs. It has been developed in graduate training at McMaster University, home of three authors, and utilized in intensive workshops. As a second edition, the revised volume stands as a summary of practice in this field. A thorough revision was needed because of continued developments in concepts, methods and applications. However, the focus is on practice, rather than theoretical developments.

The book is organized in a straightforward way starting with an introductory chapter about various economic evaluations. Extensive information is presented on cost analysis methods that are so often under-rated in difficulty by clients of such evaluations. Identifying resource quantities and assigning cost units or prices are processes involving much pragmatic choice as well as conceptual clarity. The authors then present, in subsequent chapters, cost-effectiveness, cost-utility and cost-benefit analysis. Two final chapters discuss statistical and data issues as well as presentation and interpretation of studies. A comprehensive course is thus intended and successfully executed.

The book has some important characteristics that differentiate it from others in this field. A whole introductory chapter on critical assessment of economic evaluations is provided. Those intending to do such evaluations should pay attention to the ten fundamental questions in the assessment, and the authors' critique of worthy cost-effectiveness and cost-utility studies in respective chapters. Researchers will find the checklist useful in self-critiquing their own research proposals.

Another unique feature is the presentation of tutorials that are highlighted in boxes. These re-enforce important pedagogical points with graphics, illustrations, mathematical detail or historical points. They are quite effective in elaborating points that could easily

confuse the evaluator or perhaps more frequently the student or client.

Having a whole chapter on cost analysis is particularly useful. Investigators will realize that some sophistication must be brought to this area because cost concepts go beyond the typical clinical experience of most health researchers. Vexing when interventions are sited in large institutions, information on allocating capital costs over research interventions is discussed. Readers will also appreciate the discussion of techniques to allocate shared overhead expenses. Of course, if overhead costs are factored into long run equilibrium prices no separate consideration is required. One will not find guidance here on research and development costs that are relevant for a new drug or procedure. Costing in managed care environments is not discussed as the authors labor in well known state monopoly systems.

The chapter on cost-utility analysis is a gem. Of course, there are numerous thorny questions about cost-utility analysis that cannot be addressed in a book focused on practice. The authors do indicate that issues are not settled on the welfare implications for the use of quality adjusted life years (QALY). Some find that cost-benefit analysis has desirable priorities that would dominate the choice for using either cost-effectiveness or cost-utility.

Once the evaluation has been completed, choice is viewed as improving allocative efficiency, usually within a constrained budget. The decision over social justice and distribution of income has implicitly been settled at some previous constitutional or perhaps legislative stage. For health services, efficient allocation seems to upset this condition as such choices continue to generate social and political issues. Thus, one cannot escape the nexus of allocation, distribution and social justice after completion of cost-effectiveness studies and establishment of the league table. Public decisions in Oregon over rationing in the federal and state Medicaid program points to the limitation of an efficiency-based, cost-effectiveness allocation approach. However, utilization of cost-effectiveness analysis did provide systematic information that illuminated public choice.

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