

Health Economics for MSAs

Holly Cranmer
9th October 2023





What words spring to mind when you hear “health economics”?



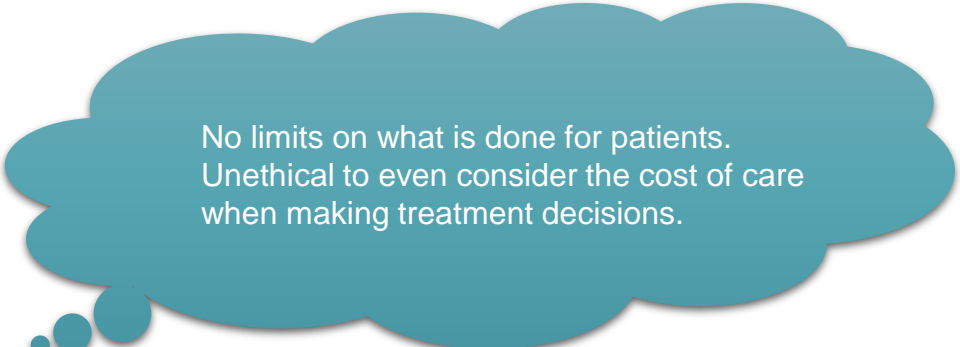


Terms I have heard over the years...





Historically...



No limits on what is done for patients.
Unethical to even consider the cost of care
when making treatment decisions.



Historically...

No limits on what is done for patients.
Unethical to even consider the cost of care
when making treatment decisions.



HOWEVER, resources are not unlimited.
Choices among alternatives need to be made.



Healthcare expenditure is increasing

- Factors impacting this increase include:

Technology



New medicines & techniques

Income



As income grows, greater % spent on healthcare

Behaviour



Patients expect higher standards of care & access to latest treatments

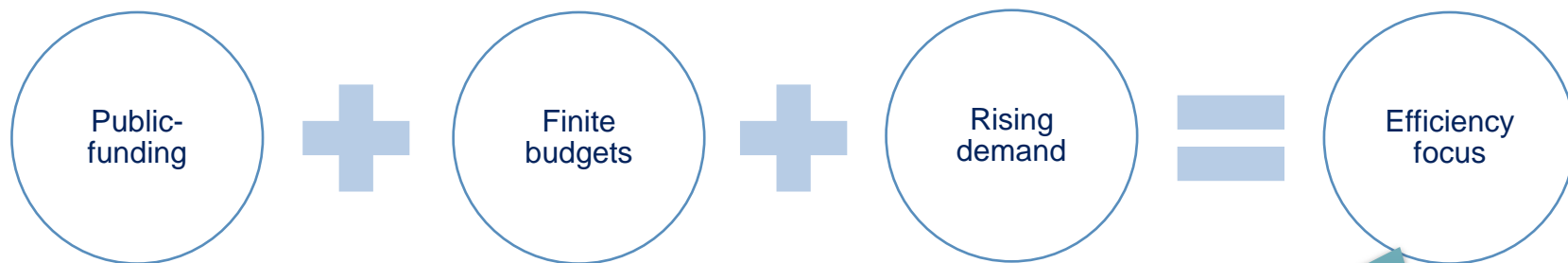
Demographics



“Baby boom” countries, the next 30+ years will see an increase in the death rate & death-related health costs



What does this mean?



Where every resource is optimally allocated minimizing waste and inefficiency

Health economics provides us with a toolkit to think about ethical and practical ways in which scarce resources are managed, allocated and used to maximise value and outcomes.



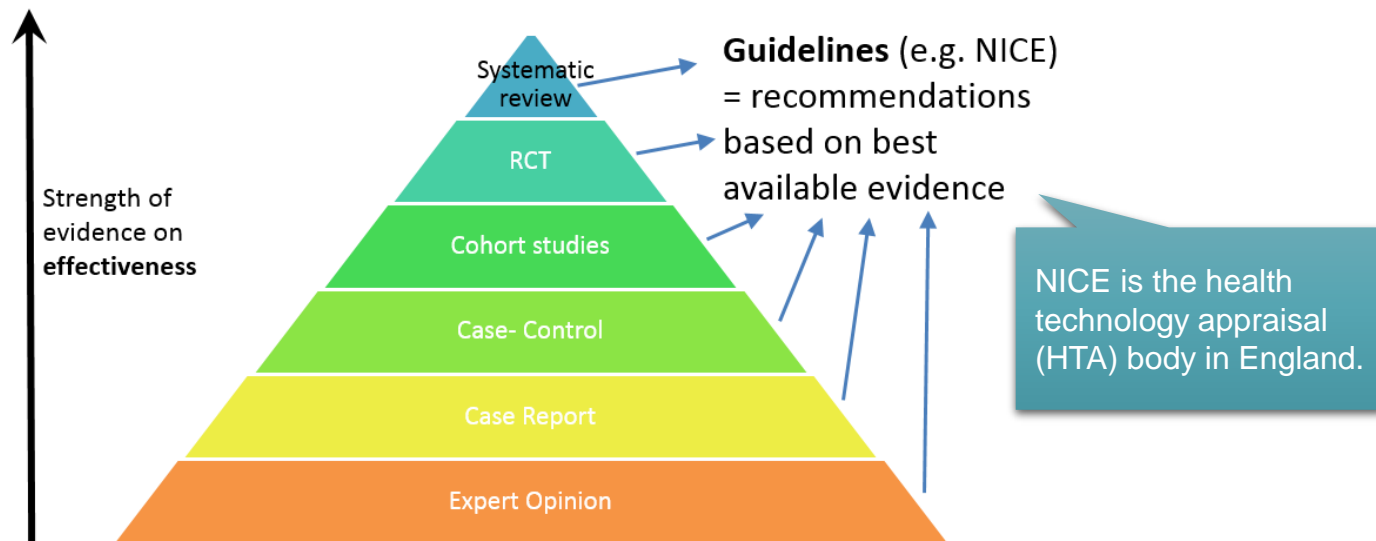
Health economists aim to consolidate the evidence from multiple sources to assess value



Value is assessed through a comparison of costs and benefits in an **economic evaluation**.



Generally, the hierarchy of evidence contributing to an economic evaluation is based on...





The ideal scenario...

An RCT which:

- Includes people who are representative of target clinical population
- Compares all treatment strategies of interest
- Measures decision relevant endpoints
- Provides unbiased estimates
- Follows patients across their entire lifetime





...Which is, unfortunately, extremely rare

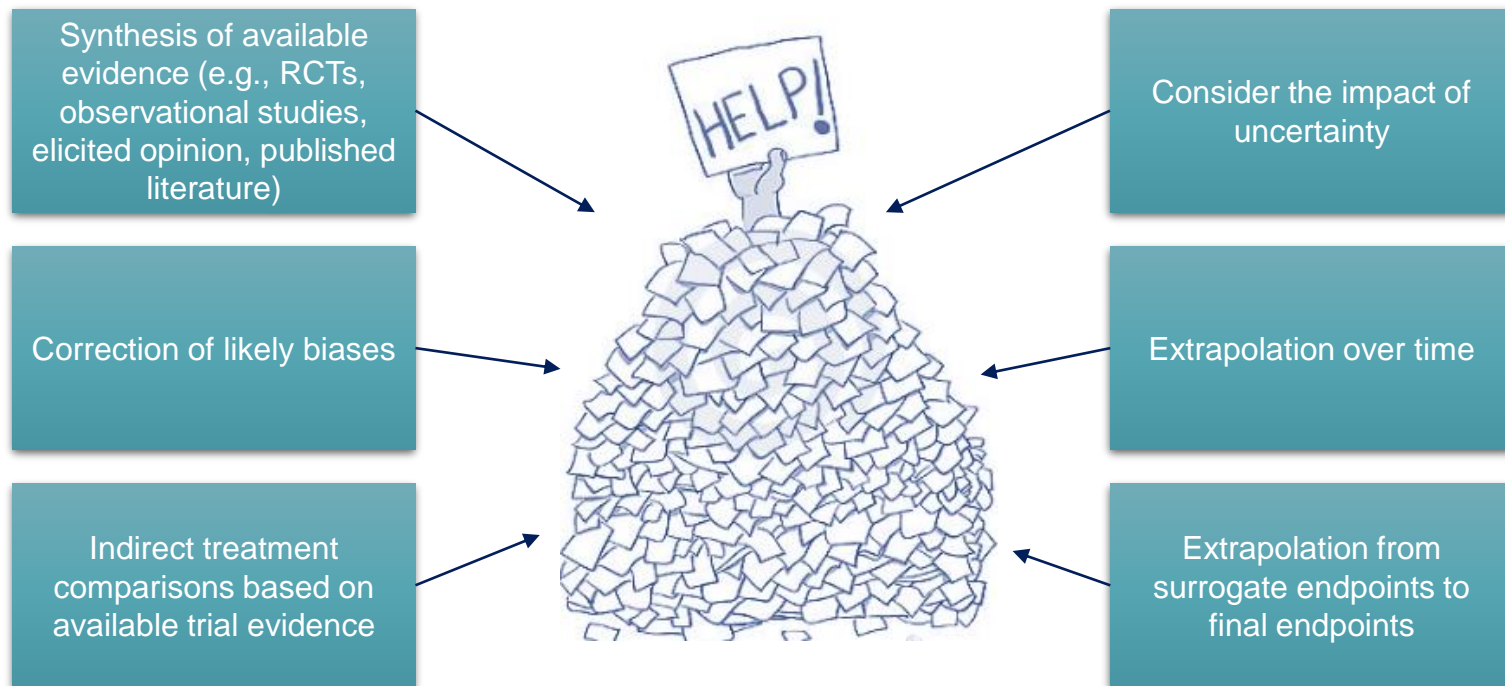
The perfect RCT is:

- Impractical (too long, too many comparators, too many endpoints)
- Conflicts between HTA and regulatory requirements
- Conflicts between requirements for different jurisdictions
- Trialists unaware of, or not incentivised to, accommodate HTA requirements
- Requirements and treatment landscape change over time





Economic evaluations attempt to “recreate” the ideal RCT





Information elicited from clinical experts and the way in which is it used varies¹

- Experts' involvement can be as intensive as being a member of a health technology appraisal committee and thus having direct influence on recommendations or limited one-off consultations on specific parameters.
- Professional expert opinion may be sought for the following:
 - **Background information** on the disease area, current clinical practice, and how this might alter through use of the new technology, service, or intervention.
 - Interpreting evidence and its **generalisability** to the current clinical practice.
 - **Defining the decision problem** e.g., identifying relevant comparators and the patient population or subgroups most likely to benefit from the new technology.
 - **Sense-checking data** used in clinical and cost-effectiveness reviews and economic modelling (including the plausibility of model structures, inputs, and results).
 - Formal consultation on draft guidance.

All this information is critical within an economic evaluation.



Exercise

- Assume you are responsible for allocating the NHS budget
- You have an additional £1,000,000 to spend this year
- Requests are being made for:
 - New cancer treatments. Total cost £1,000,000.
 - Increased support in mental health care services. Total cost £500,000.
 - A new treatment for rare epilepsies in children. Total cost £500,000.



What additional information might you need to inform your decision?



Exercise

- Assume you are responsible for allocating the NHS budget
- You have an additional £1,000,000 to spend this year
- Requests are being made for:
 - New cancer treatments. Total cost £1,000,000.
 - Increased support in mental health care services. Total cost £500,000.
 - A new treatment for rare epilepsies in children. Total cost £500,000.



What additional information might you need to inform your decision?

Where could you get this additional information from?

Contact



www.cranmerconsultancy.com



holly@cranmerconsultancy.co.uk



+44 7894 728 606



Box 108, Fortuna House, 88 Queen Street,
Sheffield, South Yorkshire, S1 2FW



<https://twitter.com/CranmerHolly>



<https://www.linkedin.com/in/holly-cranmer-158681a1/>