



Designing economic evaluations to better inform investment in prevention programs

The project: Improving the economic analysis of prevention

Project lead: Professor Stephen Jan, The George Institute for Global Health

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Key messages

- The economic analysis of prevention programs has traditionally focused on measuring the bottom line (costs and improvements in survival and quality of life), but it doesn't often capture all the other benefits of prevention programs.
- This project set out to develop guidelines for economic evaluations that would enable policy makers to make better decisions about the benefits of prevention programs.
- The researchers reviewed the evidence and interviewed senior health and treasury decision makers about their needs in relation to the economic analysis of prevention.
- They found varying needs: some policy makers agreed on the need to understand the broader social impacts of investment in prevention, while treasury representatives had a strong interest in both cost savings to government and health and social outcomes.
- The project also found that government representatives would benefit from a greater understanding of each other's needs when assessing the cost-effectiveness of prevention interventions.
- When arguing for investment in prevention initiatives, health departments need to present a business case. More work is needed to build capacity in state health departments to develop such cases.



Traditional economic analysis doesn't capture **all benefits of prevention programs**

We asked senior decision makers what they need from the

economic analysis of prevention



We found policy makers want to use **health economic evidence more** in decision-making

Why is this issue important?

The starting point of this project was that economic analysis tends to be narrow in relation to disease-prevention activities and doesn't capture the full range of potential outcomes, costs and cost savings that are relevant.

Economic evaluation usually measures the bottom-line such as cost-effectiveness and changes in health outcomes, but it undervalues intermediate benefits, such as cultural or institutional changes that occur as a result of the intervention.^{1,2,3}

If economic evaluations are to be useful for informing investment decisions, they need to assess the potential range of outcomes that are relevant to decision-makers.



There is a strong interest in using health economic evidence more in decision-making and in getting a greater understanding of this area and building capacity in their organisations."

Professor Stephen Jan
Project lead

What did we do?

This project aimed to develop an approach to the economic analysis of prevention programs that is potentially broader than conventional forms of economic evaluation but simple enough to be used routinely. The research team:

- Conducted two systematic reviews on prevention-based economic evaluations, specifically on interventions targeting behavioural and social changes; and identified guides that have been published on economic evaluations in health care
- Interviewed 16 decision-makers from NSW Health, NSW Treasury, the private health insurance industry and Queensland Health about their needs in relation to economic analysis of prevention
- Worked with NSW Health to develop a guide to commissioning economic evaluations – as part of the Evidence and Evaluation Guidance Series for the Population and Public Health Division
- Held a roundtable involving more than 20 high-level representatives from state and territory health departments and treasuries to explore the role of economic evidence in informing government investment in prevention and discuss how economic evaluation can be used as a tool to make the case for investment in prevention.

What did we find?

- There is a strong interest from policy makers to use health economic evidence more in decision-making.
- Health economists don't always have to broaden economic analysis to make it relevant to prevention. Policy makers' needs vary according to the policy maker, their agency and commercial imperatives.
- Some policy makers agreed with the original premise – the need to capture and understand the broader social impacts of investment in prevention, not just the return to the health sector.
- In some other sectors, such as the health insurance industry, there was a focus on a strict return-on-investment framework for investment in disease prevention programs. This strongly influences the type of programs they invest in.
- Treasury also has a strong interest in return on investment – in terms of both cost savings to government and also social returns in terms of health and social outcomes.
- The roundtable showed that government representatives need a greater understanding of each other's needs when assessing the cost-effectiveness of prevention interventions. However, in gaining support for major investment in health from their respective treasuries, health departments need to present their argument in terms of a business case. More work is needed to determine the data requirement for such business cases and to build capacity within state health departments to develop such cases.

What did we produce?

Tools

A guide to commissioning economic evaluations – resource for NSW Health.

Published papers

Lung TW, Muhunthan J, Laba T-L, Shiell A, Milat A, and Jan S. Making guidelines for economic evaluations relevant to public health in Australia. *Aust NZJ Public Health*. 2016; doi:10.1111/1753-6405.12601

Jan S and Wiseman W. Updated recommendations for cost-effectiveness studies. *JAMA* 2017; 317(1):89–90. doi: 10.1001/jama.2016.17824.

Why does it matter?

Aligning decision-makers' expectations with how researchers design and undertake economic evaluations should enable investment decisions in disease prevention to be better informed by evidence and to be more responsive to community values.

Next steps

The project has highlighted the need for further work in the economic evaluation of prevention:

- Case studies of the application of economic methods to support the case for prevention
- Work to better understand how to value the costs and benefits of prevention and assess willingness to pay
- Understanding the potentially multiple influences on government funding decisions and generating economic evidence that better reflects the complexity of these influences.

References

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3. Jan S, Pronyk P and Kim J. Accounting for institutional change in health economic evaluation: a program to tackle HIV/AIDs and gender violence in Southern Africa. *Soc Sci Med*. 2008;66(4)922–932.



The Australian Prevention Partnership Centre

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Contact us:

Tel: (02) 9188 9520

Email: preventioncentre@saxinstitute.org.au

Website: preventioncentre.org.au

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