

The societal perspective: what does it mean for the efficiency and equity of health services?

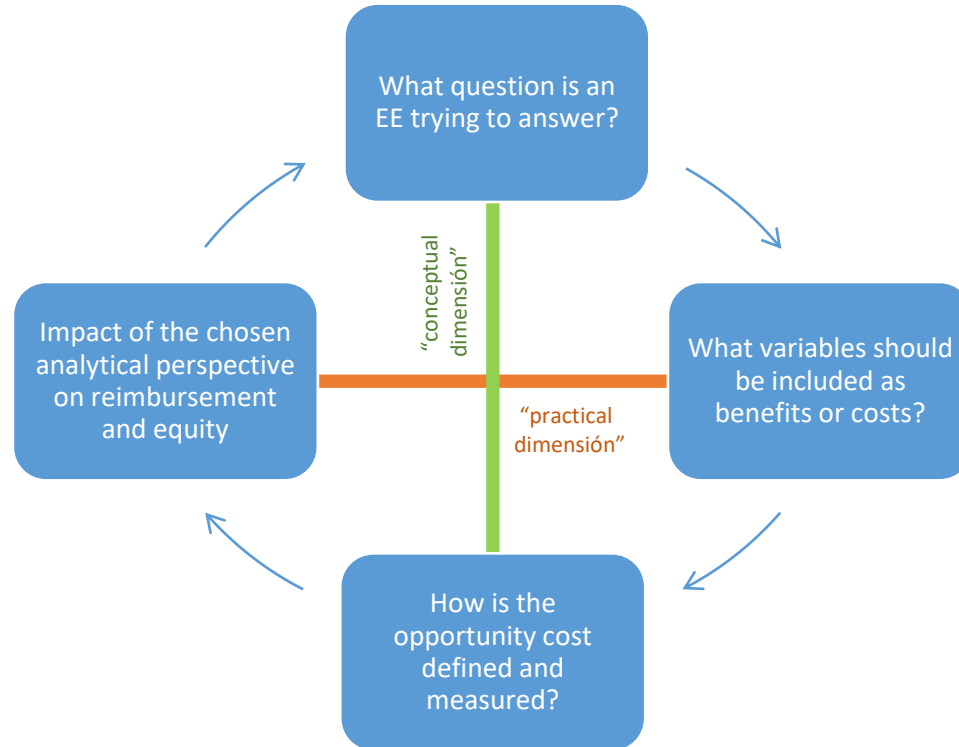
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**Políticas públicas para la salud:
perspectivas desde la economía y la sanidad**

The societal perspective: what does it mean?



- Most of the literature focuses on “practical” issues (the results)
- Leads to arbitrary methods guidance
- Economists need to be more rigorous about the fundamental concepts

	Lagrange maximand and corresponding decision rule	Threshold (1/Lagrange multiplier)	Variables	Impact on reimbursement & equity
Health care perspective, for an exogenous healthcare budget (B)	$L = h(x) - \lambda_h (c(x) - B)$ $\frac{1}{\lambda_h} \frac{\Delta h}{\Delta x} - \frac{\Delta c}{\Delta x} > 0$	$\lambda_h = \frac{dh^*}{dB}$ Measured by supply-side methods	<ul style="list-style-type: none"> • $h(x)$ = QALY, valued by TTO. • $c(x)$ = health care costs in B • Other variables cannot be included if λ_h is the opportunity cost 	λ_h can be ad-hoc adjusted to account for severity etc.
(Proposal for a) societal perspective: Assumes total GDP is exogenous (P)	$L = u(h(x), y) - \lambda_s (g(x, y) - P)$ $\frac{1}{\lambda_s} \frac{\Delta h}{\Delta x} - \frac{\Delta g(x)}{\Delta x} > 0$ <ul style="list-style-type: none"> • if u is quasi-linear, and prices of $y = MgC$, the utility from y and the cost of production of y cancel out. 	$\lambda_s = \frac{du(h(x^*), y^*)}{dP}$ Measured by preference based WTP e.g. DCE, that values tradeoff of attributes of $h(x)$ (quality, length of life...) for consumption	<ul style="list-style-type: none"> • $h(x)$: TTO not appropriate. Value h by λ_s • $g(x)$ = any healthcare • Exclude other consumption y (cancels out) • Can only include productivity if also adjust CET 	<ul style="list-style-type: none"> • If x positively affects P, then P becomes an endogenous variable. • Make existing h/c seem more “socially efficient”? • Lower the CET $\frac{1}{\lambda_s}$ for adopting new h/c?

