
Cost-Effectiveness Analysis: Understanding Costs

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Define CEA

Cost-effectiveness analysis (CEA) compares the costs of an intervention or policy with the measures of health improvement that are gained.

Outline of presentation

- Define perspective
- Cost data collection
- Cost data categorization

Define Perspective

Three basic viewpoints in economic evaluations:

- Societal
- Provider
- Private

Define Perspective

- Societal
 - Often recommended in public health
 - Multisectoral
 - Direct medical costs, indirect medical costs, non-medical costs
 - Be cautious about double counting

Define Perspective

- Provider
 - General the program or hospital
 - Useful for budgeting, funding
 - Direct and indirect medical

Define Perspective

- Private
 - Patient expenses, or out of pocket expenses
 - Includes non-medical costs, such as transportation or care-giving
 - Important for FRP and medical impoverishment

Define Perspective

- Other
 - Government
 - Third party payer/Insurer
 - Multiple

Cost Data Collection

- Identify types of cost data needed
- Main sources for collection
 - Program or project budget
 - Hospital, clinic, health system records
 - Ingredients
 - Questionnaires

Cost Data Collection

- Alternative Sources
 - Literature reviews
 - Tradable goods
 - Commodities that have a common international market price
 - Often used for calculating the opportunity costs of discounted or free items, such as medications or vaccines
 - Cost databases
 - WHO-CHOICE, One Health Tool

Cost Data Categorization

- Financial
 - Include actual project expenditures for all inputs and resources used by project
 - Many resources used are not fully captured in budget expense reports (donations, discounts, volunteers, etc)
- Economic
 - Recognizes value of resources that could have been productively used elsewhere
- Using both
 - Economic costs can supplement financial costs that are easily available from financial records
 - Some studies present both costs for comparison

Cost Data Categorization

- Recurrent
 - Costs that require a quantity
 - Ex: Personnel, materials and supplies, operating costs, maintenance
- Capital
 - Annualized over useful life of the factor input
 - Building, major equipment, other capital costs



Thank you