

**Alchian, Williams, bookshelves and cost-effectiveness
thresholds: the power of multum in parvo**

The 2015 Hall Lecture (CAHSPR)

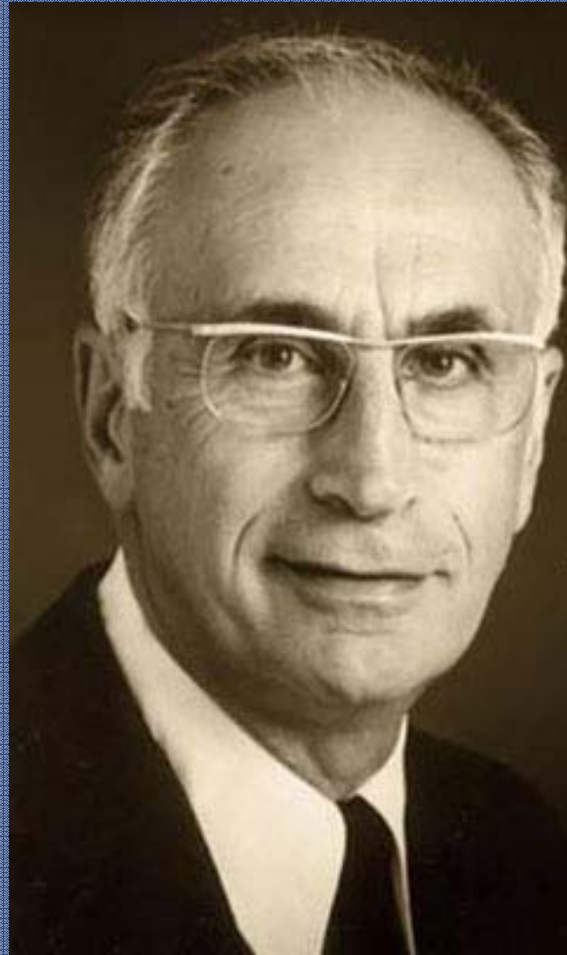
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Acknowledgements

Kalipso Chalkidou, Karl Claxton, Richard Edlin, Karen Hofman, Chris McCabe, James F O'Mahony, Mark Sculpher, Paul Revill, Adrian Towse and Yot Teerawattananon

Armen Alchian



Alan Williams



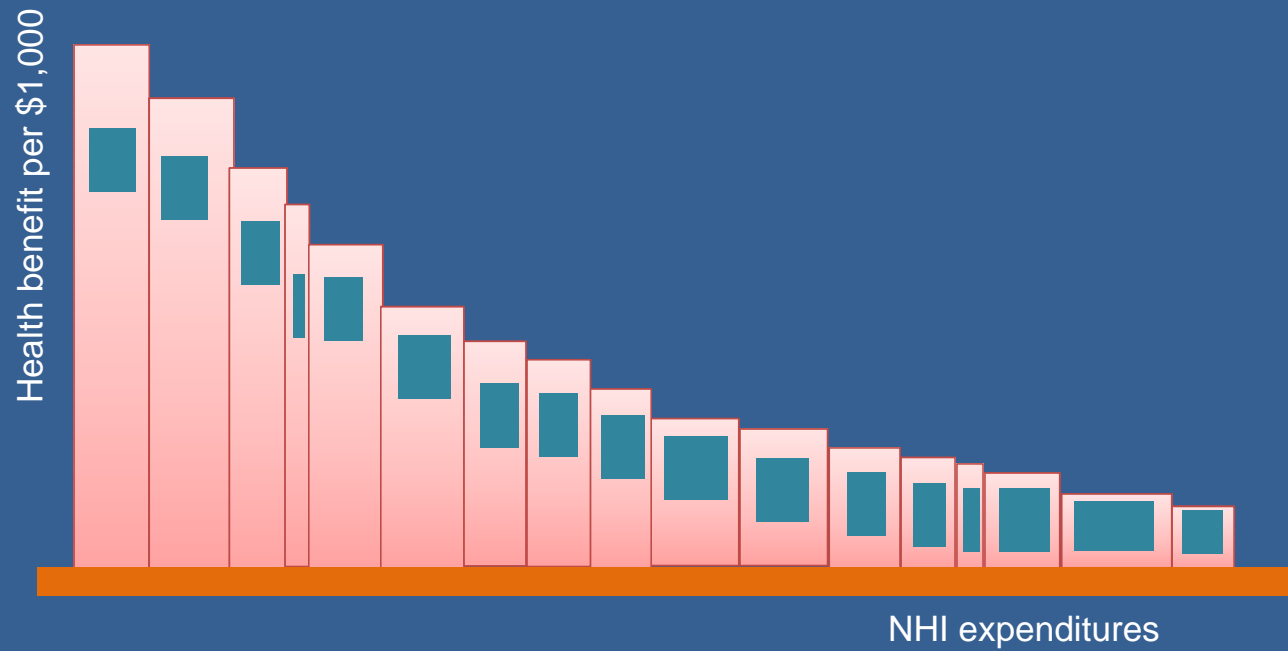
WHO (2003)

"those drugs that satisfy the health care needs of the majority of the population; they should therefore be available at all times in adequate amounts and in appropriate dosage forms, at a price the community can afford."

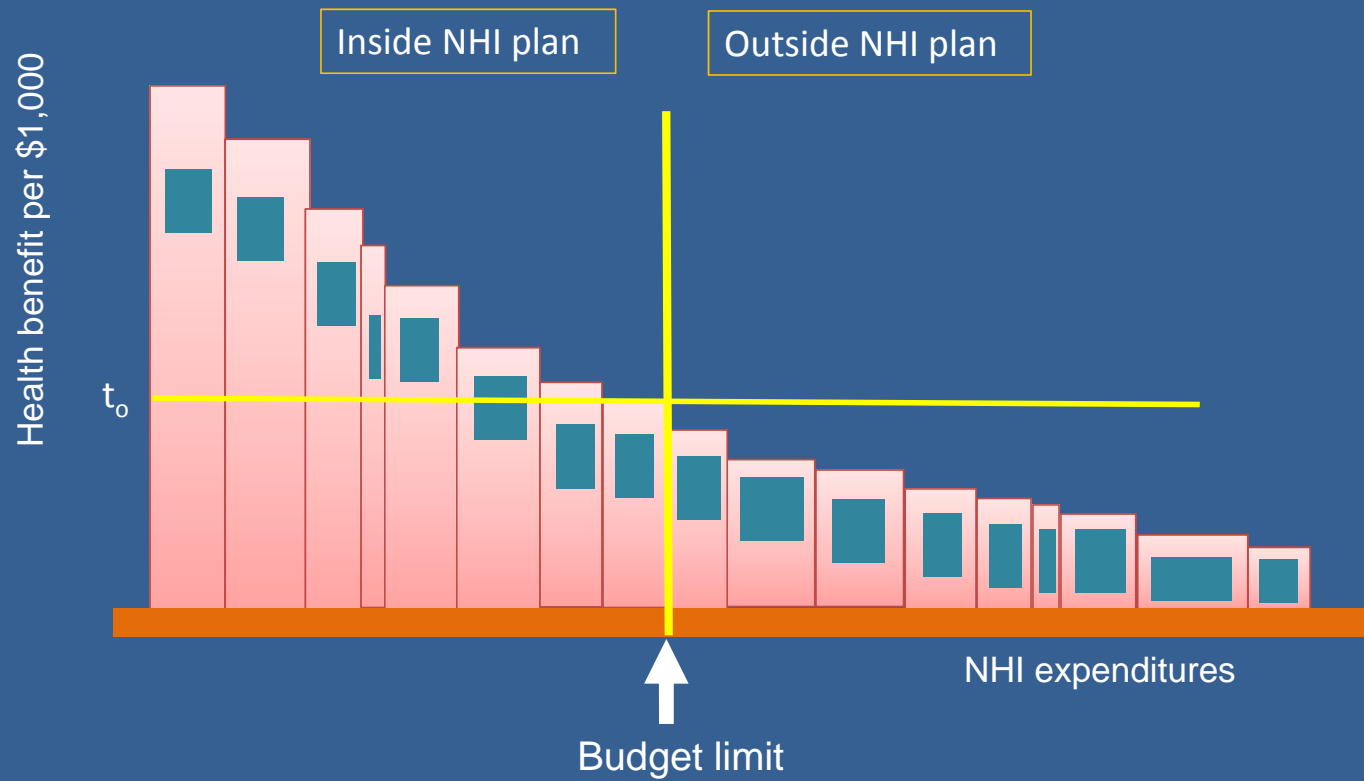
Question

Why it is so wrong for the World Health Organisation to recommend cost-effectiveness thresholds that are too high as criteria for selecting interventions in public insurance systems, especially in poor countries?

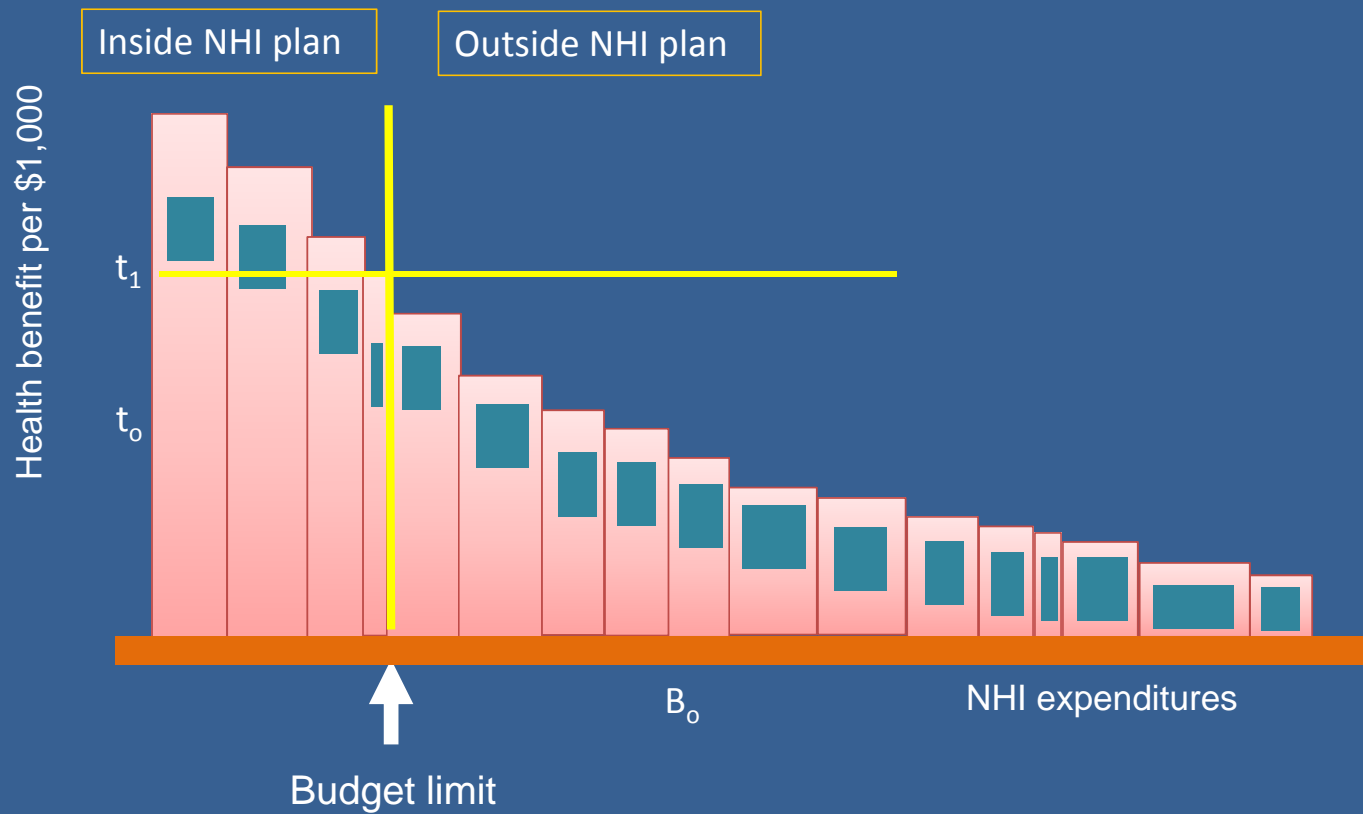
The bookshelf of interventions



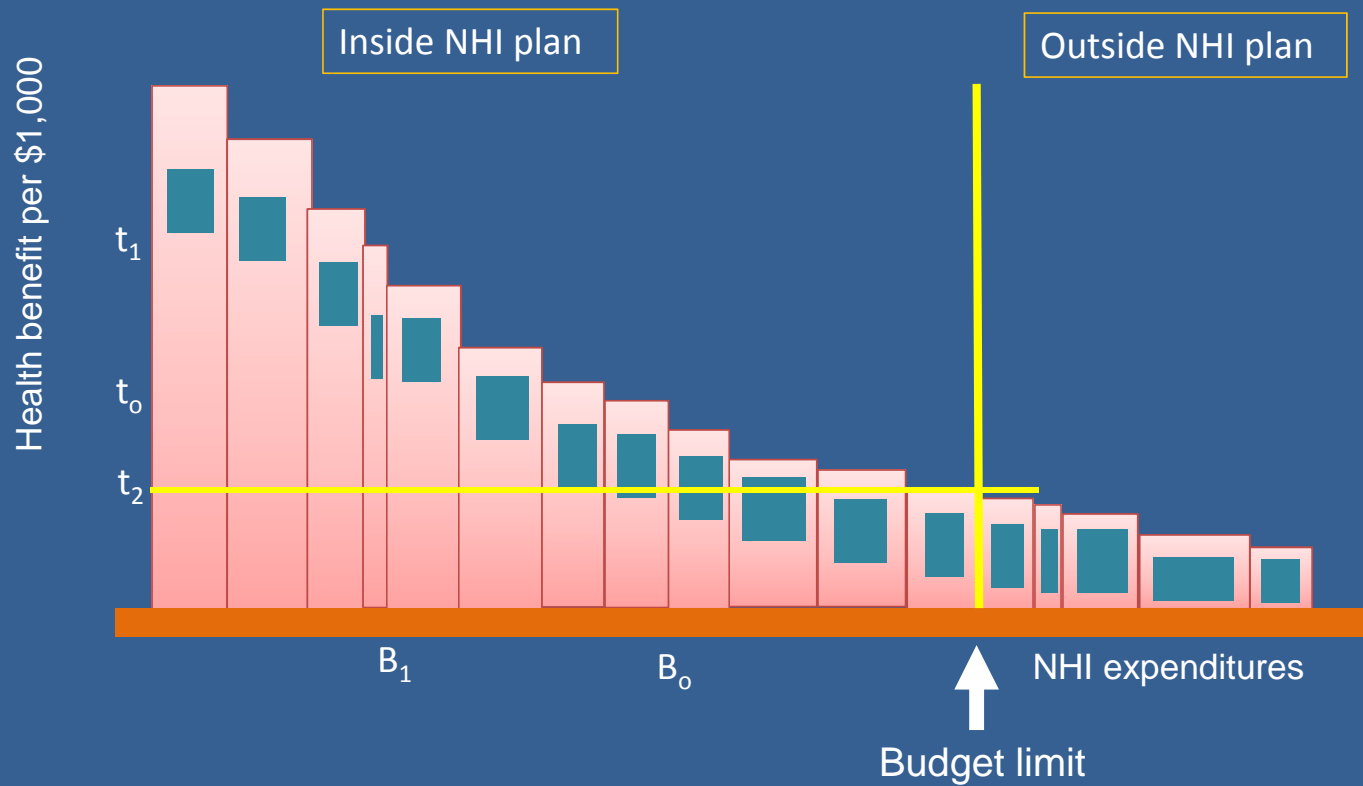
The bookshelf of interventions



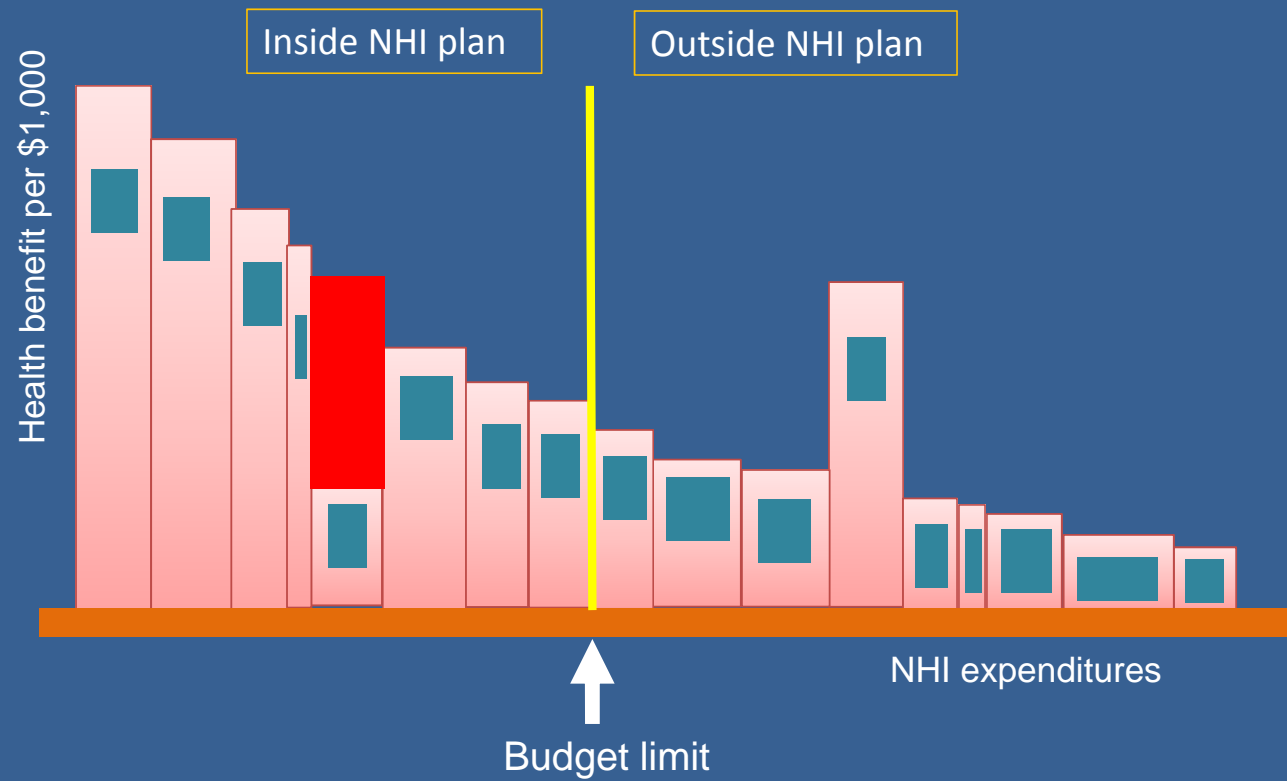
The bookshelf of interventions



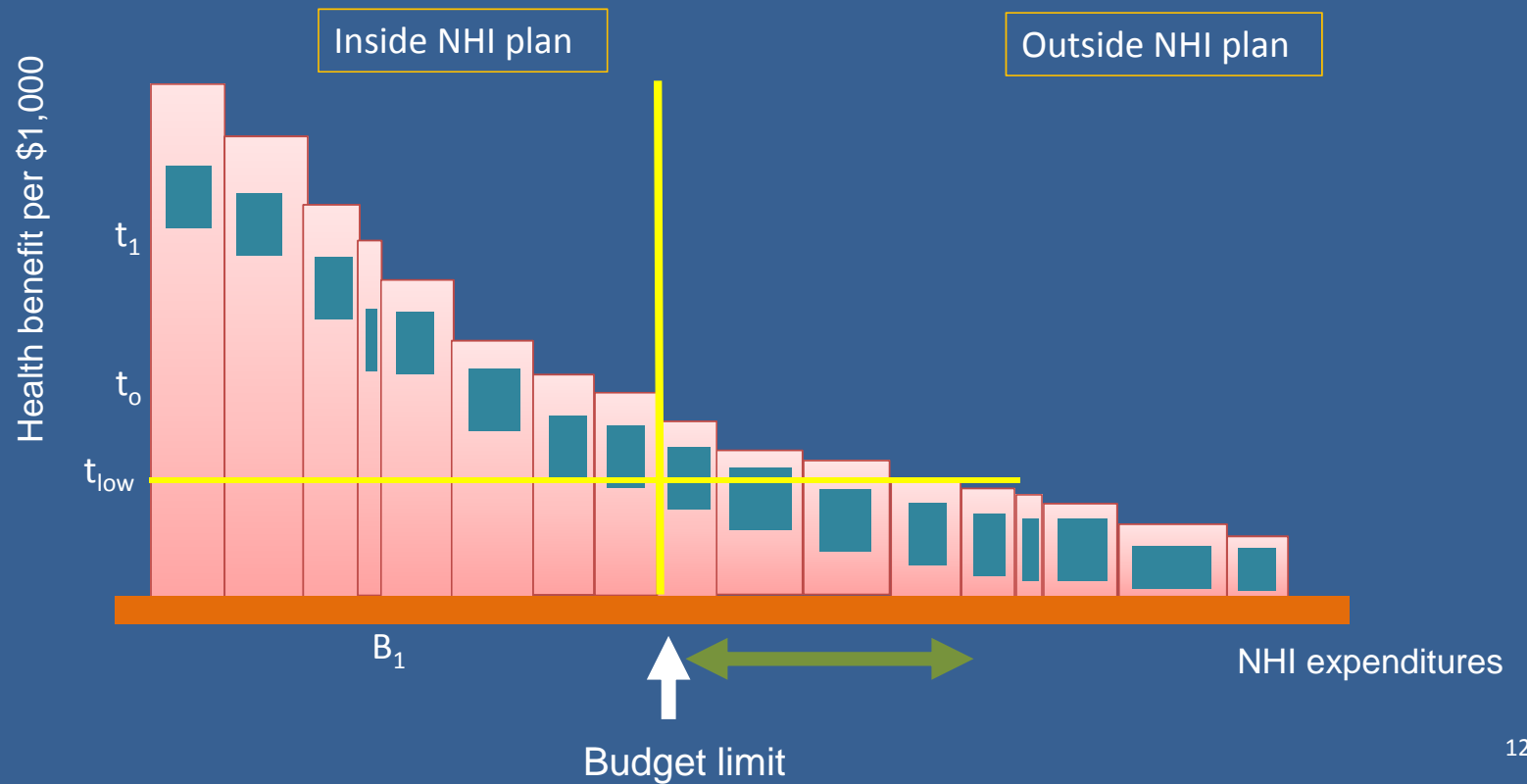
The bookshelf of interventions



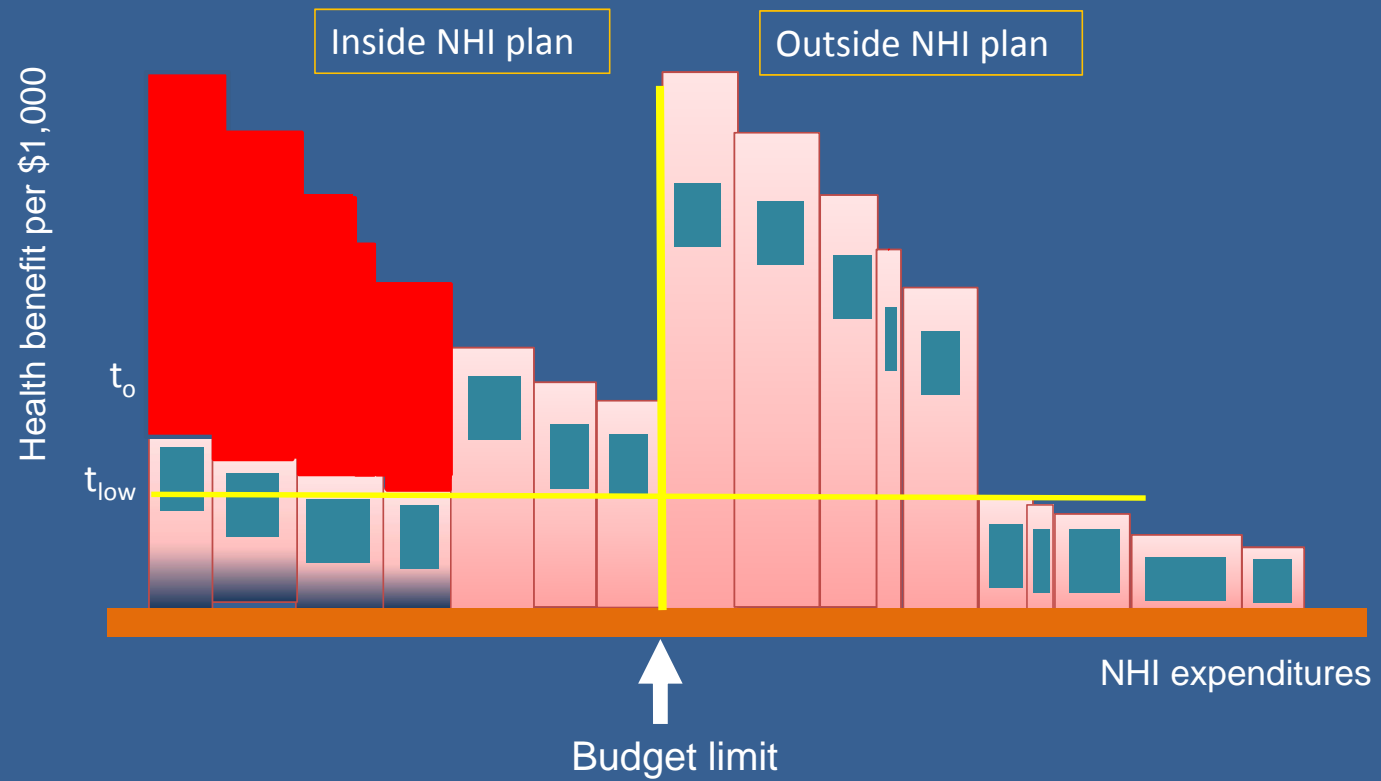
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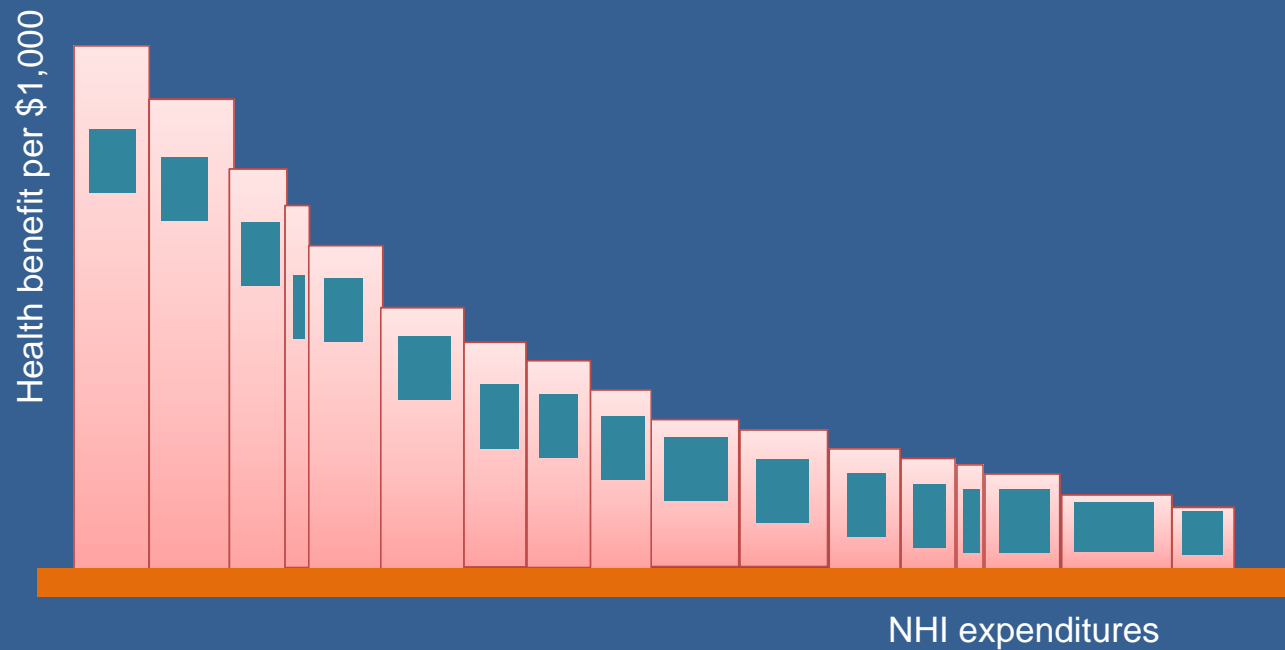
The bookshelf of interventions



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Multum in parvo

- Interventions must have comparable outcome metrics
- Mere effectiveness is necessary but not sufficient
- PH must address relative effectiveness
- The benchmark shows the least c-e intervention for inclusion in NHI
- Its reciprocal (benchmark ICER) rises or falls as budget rises or falls
- Thresholds too high or too low cost lives
- Failure to set thresholds costs lives
- Threshold and budget are mutually interdependent
- Demand-side or Supply-side approaches equal in equilibrium
- Multiple thresholds sometimes desirable
- Disinvestment includes losing *effective* technologies
- Does identity trump anonymity?
- The cost of health is health itself

