Economic evaluation in health economics: an analysis for Uganda

[1] Nyonjo Jason & [2] Nakibuule Sauda

[1] Bachelor's Degree Candidate, Department of Economics and Applied Statistics, College of Economics and Management, Kampala International University (Main Campus), Uganda, Email: jason.nyonjo@studmc.kiu.ac.ug

[2] Department of Economics and Applied Statistics, College of Economics and Management, Kampala International University (Main Campus), Uganda, Email: sauda.nakibuule@kiu.ac.ug

Abstract

Economic evaluation is a cornerstone of health economics, aiding policymakers in allocating resources effectively to maximize health outcomes, especially in resource-constrained environments. This article explores the components, types, and effectiveness measures of economic evaluations relevant to Uganda's healthcare setting. Economic evaluations provide a structured approach to assess the value of health interventions, balancing costs and benefits to support efficient, equitable healthcare policies.

Keywords: Economic Evaluation, Health Economics, Cost-Effectiveness Analysis, Cost-Utility Analysis, Uganda

Economic evaluation is a critical tool in health economics, designed to assess the costs and health outcomes associated with healthcare interventions. In low-resource countries like Uganda, where healthcare funding is limited, these evaluations guide policymakers to prioritize interventions with the most significant impact per cost unit. By comparing costs and outcomes, economic evaluations allow healthcare systems to optimize their limited resources and prioritize interventions that are most effective in improving population health (Drummond et al., 2015).

Features of Economic Evaluation

Comparative Nature

Economic evaluation compares alternative healthcare interventions to assess relative costs and health benefits. This could involve comparing two health technologies or a new intervention against standard care. For instance, evaluating the effectiveness of insecticide-treated bed nets versus antimalarial drugs in preventing malaria in Uganda can provide insights into the most cost-effective strategy (Weinstein & Stason, 1977).

Cost Measurement

Economic evaluations consider several types of costs:

Direct Costs: Expenses directly associated with healthcare delivery, such as medications, medical devices, and healthcare personnel.

Indirect Costs: Costs from lost productivity due to illness, disability, or death.

Intangible Costs: Costs tied to pain, suffering, or reduced quality of life, which are more challenging to quantify.

In Uganda, evaluations often account for both direct and indirect costs, as healthcare resource allocation is vital for addressing diseases like HIV/AIDS (Ministry of Health, 2021).

Outcome Measurement

The effectiveness of health interventions can be measured in various ways:

Clinical Outcomes: Measures like disease incidence or mortality rates.

Quality of Life Measures: These include Quality-Adjusted Life Years (QALYs) and Disability-Adjusted Life Years (DALYs), which capture both survival and quality of life improvements.

For example, a malaria intervention in Uganda might be evaluated based on the reduction in malaria incidence and improvements in life expectancy (WHO, 2020).

Perspective of Analysis

Analyses may adopt a healthcare system perspective, focusing on costs borne by the health sector, or a societal perspective, considering broader costs, such as transportation and time lost by patients and their families (Tugwell& O'Connell, 2014). Uganda's evaluations often use a societal perspective to capture the full economic impact of healthcare access, especially in rural settings.

Incremental Analysis

Economic evaluations commonly use the **Incremental Cost-Effectiveness Ratio (ICER)**, which divides the difference in costs by the difference in health outcomes between two interventions. This metric helps policymakers understand the additional cost per health benefit gained, which is vital in decision-making (Drummond et al., 2015).

Sensitivity Analysis

Sensitivity analysis tests the robustness of economic evaluations by varying key assumptions or parameters. This is particularly important in Uganda, where fluctuations in drug prices or adherence rates may impact cost-effectiveness (Esfahanian, Javaheri, &Ghaffarpour, 2006).

Types of Economic Evaluation

Cost-Effectiveness Analysis (CEA)

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CEA compares the costs and health outcomes of two or more interventions, using natural units such as life years gained or disease cases prevented. For example, CEA could evaluate the cost-effectiveness of distributing insecticide-treated nets versus providing indoor residual spraying for malaria prevention in Uganda. The analysis might measure outcomes in terms of malaria cases prevented, helping to determine the intervention with the best health outcomes per cost unit (Ministry of Health, 2021).

Cost-Utility Analysis (CUA)

CUA goes beyond CEA by incorporating both quality and quantity of life, measured in QALYs or DALYs. For instance, a CUA could compare different HIV/AIDS treatment strategies by considering survival rates and quality of life. This method is beneficial when evaluating treatments with significant impacts on life quality, such as HIV therapy, which may extend life with varying side effects (WHO, 2020).

Cost-Benefit Analysis (CBA)

CBA converts both costs and outcomes into monetary terms, allowing for cross-sectoral comparisons. For example, Uganda's Expanded Programme on Immunization (EPI) could be evaluated through CBA by comparing program costs to the economic value of lives saved and future productivity. CBA is especially useful in countries like Uganda, where policymakers must weigh investments in health against other sectors like education and infrastructure (Weinstein & Stason, 1977).

Cost-Minimization Analysis (CMA)

CMA applies when two interventions produce equivalent health outcomes, focusing solely on the lowest-cost option. In Uganda, CMA could help determine the most cost-effective generic malaria drug, assuming both drugs offer the same therapeutic benefit (Tugwell& O'Connell, 2014).

Measures of Effectiveness

Life Years Gained (LYG)

This measure evaluates the additional years of life gained through an intervention, often used in CEA. For instance, malaria prevention programs in Uganda can be evaluated by the life years gained through disease prevention (WHO, 2020).

Quality-Adjusted Life Years (QALYs)

QALYs measure both survival duration and quality of life, providing a comprehensive view of intervention benefits. This is particularly useful in Uganda's HIV/AIDS programs, where both longevity and quality of life improvements are critical outcomes (Ministry of Health, 2021).

Disability-Adjusted Life Years (DALYs)

DALYs assess the burden of disease by capturing both premature death and years lived with disability. This measure is crucial for evaluating maternal health programs in Uganda, which aim to reduce DALYs by preventing maternal mortality and reducing childbirth-related disabilities (Esfahanian et al., 2006).

Cases Averted

Used primarily in public health, this measure assesses the number of disease cases prevented by an intervention. For example, distributing insecticide-treated nets can be evaluated by the reduction in malaria cases (Tugwell& O'Connell, 2014).

Challenges in economic evaluation in Uganda

Data Availability and Quality

In Uganda, limited data quality and availability can impact the accuracy of economic evaluations. Comprehensive data collection is essential for reliable analyses, but constraints often hinder this process (Tugwell& O'Connell, 2014).

Resource Constraints

Economic evaluations are resource-intensive, posing challenges in Uganda's constrained healthcare system. Limited budgets may affect the ability to conduct thorough evaluations, potentially limiting policy-relevant findings (Ministry of Health, 2021).

Complexity of Methods

Methods like CEA and CUA require expertise to interpret, complicating their application in policymaking. Simplified presentations or decision aids may improve accessibility for Uganda's health officials (Drummond et al., 2015).

Ethical and Methodological Challenges

Valuing health outcomes in monetary terms can raise ethical issues, particularly when assigning value to life years or quality of life. Additionally, measures like QALYs and DALYs may inadequately represent intangible benefits, such as pain reduction, affecting evaluations' comprehensiveness (Esfahanian et al., 2006).

Conclusion

Economic evaluation in health economics provides a critical framework for assessing healthcare interventions' costs and outcomes, supporting resource allocation decisions in Uganda. Despite challenges such as limited data, complexity, and ethical concerns, economic evaluation methods such as CEA, CUA, and CBA offer valuable insights into cost-effective health solutions. Implementing economic evaluations effectively requires careful consideration of local contexts, making these tools indispensable for optimizing Uganda's healthcare delivery and improving public health outcomes.

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