

Cost effectiveness

In the context of pharmacoeconomics, cost effectiveness is studied by looking at the results of different interventions by measuring a single outcome, usually in 'natural' units (for example, life-years gained, deaths avoided, heart attacks avoided, or cases detected).

Alternative interventions are then compared in terms of cost per (natural) unit of effectiveness in order to assess how it provides value for money. This economic evaluation helps decision-makers to determine where to allocate limited healthcare resources.

Cost effectiveness, however, is only one of a number of criteria that should be used to determine whether or not interventions are made available. Other issues, such as equity, needs, and priorities should also be part of the decision-making process.