



## Web Review

# Healthcare Economics Vs. Economics of Healthcare

By Mike Moralis

**H**ealthcare economics must be distinguished from the economics of healthcare. The former is focused primarily on comparative analyses of cost-effectiveness, cost-utility and cost-benefits of drugs or interventions, while the latter relates to the allocation of resources at the political level. Financial management at the regional or institutional level must strive for sound fiscal policies that match needs and resources, within a context that often has artificial, externally imposed political limitations. The value of Internet searches as a source of information – at least in the Canadian setting – can be limited because of these distinctions and other factors.

There are a growing number of web sites that deal with the economics of healthcare, and methodologies for evaluating cost-effectiveness and utility. However, sites that have content dealing with economic assessment of technology, pharmaceuticals, surgical interventions and disease management are becoming increasingly common. Sites that offer broad insight into funding and financial management are less common, partly because the economic and policy frameworks vary according to jurisdiction.

Economic analysis requires comparative data which is often difficult to come by in the health sector, and may reflect what is available rather than what is necessary for rigorous comparison. Internet searches – or literature reviews, for that matter – highlight the fact that

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while government funding accounts for most hospital funding, institutions and regional authorities have other sources of revenue, including foundations. And while expenditures are tracked, the accounting is not done consistently. At the same time, the sector has only recently embraced the concept of measuring utilization and outcomes, but they are not measured consistently either. As a result, there is a patchy wealth of data and sometimes a lack of useful, current information that contributes to making the economics of health more opaque than transparent. Another factor is that data collection lags behind Canada's rapidly changing healthcare landscape.

### HEALTHCARE ECONOMICS:

#### 1. CENTRE FOR HEALTH ECONOMICS <http://www.york.ac.uk/inst/che/welcome.htm>

The Centre for Health Economics (<http://www.york.ac.uk/inst/che/welcome.htm>) at the University of York in the United Kingdom is one of the premier health economics web sites. It includes some basics

about health economics, technology assessment, and measurement and valuation of health outcomes. It includes extensive links to related sites, internationally, including several in Canada.

#### 2. HEALTH ECONOMICS RESEARCH GROUP <http://www.brunel.ac.uk/depts/herg>

The Health Economics Research Group (HERG) at Brunel University in the U.K. (<http://www.brunel.ac.uk/depts/herg>) is another leading international web site. Its research strives for relevance to policy and the development of evaluation methodologies. Abstracts are accessible via the web site, and discussion papers can be ordered for a nominal fee. The web site offers convenient links to publications to which its members have contributed.

#### 3. INTERNATIONAL HEALTH ECONOMICS ASSOCIATION <http://healthconomics.org>

The International Health Economics Association (iHEA), formerly based at the University of New Hampshire, has relocated to Queen's University in Ontario, where it is linked with its sister organization, the

Canadian Health Economics and Research Association (CHERA). The iHEA web site (<http://healtheconomics.org>) is being transformed into a gateway with comprehensive links to technical resources, conferences and job postings. The CHERA web site (<http://www.healtheconomics.org/chera>) is also undergoing a renovation, and individual pages will come on line over the summer. One new feature will be monthly highlights of the work of university students in health economics or related fields. CHERA is also working with Health Canada to redevelop the Canadian Health Research Indexing System (CHRIS), which will be accessible as a database through the web site. Information about the 8th annual Canadian Conference on Health Economics, set for August 1999 in Edmonton, will also be linked once it becomes available.

**4. ADIS INTERNATIONAL LIMITED**

<http://www.adis-usa.com>

Adis International Limited (<http://www.adis-usa.com>) is a healthcare communications company that originated in Australia which publishes several journals and newsletters. The web site includes an excellent glossary of terms used in health economics, pharmacoeconomics, health-related quality of life and drug utilization (<http://adis-usa.com/journals/Pharmacoeconomics/glossary.html>).

**5. CANADIAN COORDINATING OFFICE FOR HEALTH TECHNOLOGY ASSESSMENT**

<http://www.ccohta.ca>

The Canadian Coordinating Office for Health Technology Assessment (CCOHTA), a non-profit organization funded by the federal, provincial and territorial governments, can be found at <http://www.ccohta.ca>. The publications list includes clinical reports on subjects such as experiences and cost-effectiveness of coronary stents, and special reports such as a survey of selected technologies and services including MRI, CT scanners, pain clinics and sleep clinics in Canada. It has also useful links to health technology assessment web sites in various provinces.

Alberta's Institute of Pharmacoeconomics (<http://www.ipe.ab.ca>) is a not-for-profit research organizations that consists of 14 organizations including government, industry, universities and a research foundation, collaborating on the assessment of new and existing drugs.

**ECONOMIC OF HEALTHCARE:**

**6. HEALTH CANADA**

<http://hwcweb.hwc.ca/medicare/home.htm>

In the broadest sense, the Canada Health Act provides a framework for the economics of healthcare in Canada. Health Canada's web site contains an area devoted to medicare (<http://hwcweb.hwc.ca/medicare/home.htm>), with an overview of the history of medicare and federal-provincial-territorial health financing arrangements, including the Canada Health and Social Transfer. It also includes fairly up-to-date tables (to December, 1997) detailing the federal government's transfer payments to the provinces.

**7. JOINT POLICY AND PLANNING COMMITTEE**

<http://www.jppc.org>

The Joint Policy and Planning Committee (JPPC) is a partnership between the Ontario Hospital Association and the Ontario Ministry of Health, created in the early 1990s in part to bridge healthcare funding methodologies and policy development. The organization's work is conducted through the Hospital Funding Committee and several others, supported by a small secretariat. The web site ([www.jppc.org](http://www.jppc.org)) contains numerous documents of value and interest, including a report from March, 1998, entitled "Understanding How Ontario Hospitals Are Funded."

**8. ONTARIO'S HEALTH SERVICES RESTRUCTURING COMMISSION**

<http://www.hsrb-crss.org>

About two years into its four-year mandate, Ontario's Health Services Restructuring Commission (HSRC) finally developed a

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web site (<http://www.hsrb-crss.org>) to serve as a repository for its reports and directions for communities throughout the province. The HSRC's work is based on efforts to measure utilization, set performance benchmarks, and assess capital funding needs.

### 9. CHANGE FOUNDATION

[www.changefoundation.com](http://www.changefoundation.com)

The Change Foundation is a spin-off organization at arm's length from the Ontario Hospital Association. The web site ([www.changefoundation.com](http://www.changefoundation.com)) will house the growing body of studies and reports commissioned by the OHA and the Change Foundation to measure the fiscal health of the hospital system. One report, released last fall, is a retrospective financial review by the Canadian Imperial Bank of Commerce of 192 Ontario hospitals over a three-year period. It examined the hospitals'

consolidated financial status in the context of government funding reductions and restructuring. Another report, released in November, 1997, highlighted the performance of rural hospitals in Ontario against a series of key utilization, financial and restructuring indicators, documenting changes in program and service mix over a three-year period.

### 10. ONTARIO'S RESOURCE BASED RELATIVE VALUE SCHEDULE

<http://www.rbrvs.on.ca>

One of the greatest challenges of healthcare economics in Canada is equitably linking physician compensation to provincial government funding envelopes for medical services in such a way that fees reflect the cost of services in light of technological changes that have affected the delivery of care. Ontario's Resource Based Relative

Value Schedule (RBRVS) Commission (<http://www.rbrvs.on.ca>) was established by the Ontario Ministry of Health and the Ontario Medical Association (OMA) in May 1997 as a result of the 1997 OMA/OHA Agreement. The Resource Based Relative Value Schedule (RBRVS) is meant to replace the current Schedule of Benefits for physicians under the Ontario Health Insurance Plan (OHIP). The Commission was given a mandate to develop a more sensitive tool for compensating fee-for-service physicians by ranking and rating services according to the resource inputs needed to perform each service. The comprehensive web site offers an interesting window into physician compensation issues. 

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