Cost Effectiveness Analysis
HSMP 6609, Spring 2015

Instructors:

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Course Title: Cost Effectiveness Analysis
Credit Hours: Two Credit Hours
Meeting Time: Wednesday, 9:00-10:50 a.m.
Meeting Place: Ed 2 North, 2302.

HSMP Course Competencies:

1. Demonstrate an understanding of factors influencing access to and utilization of health services. (HSMP-2)

Course Overview:

This course is intended to give students an overview of the theory and applications of cost-benefit analysis, cost-effectiveness analysis, cost-utility analysis and related forms of economic evaluation of interventions in the health care sector. The topics to be covered are:

- The theoretical basis for CEA;
- Comparison of the various forms of decision analysis;
- Measures of costs and related controversies;
- Measures of outcomes including health status and health-related quality of life, assigning monetary values to outcomes, the value of a human life and of a quality-adjusted life year;
- Discounting;
Cost Effectiveness Analysis  
HSMP 6609, Spring 2015

- Uncertainty in cost-effectiveness analysis;
- Markov Models;
- Study design; and
- Standardized reporting of results.

The course occasionally uses conventional microeconomic analytical and statistical tools. While it is not required, it is recommended that students have taken a microeconomics course.

**Learning Objectives**

1. The student will be able to understand cost and effectiveness measures; to distinguish among cost-effectiveness, cost-benefit, and cost-utility analyses and know the advantages and disadvantages of each approach; and to understand the various perspectives that can be taken.

2. The student will know the recommendations of the Panel on Cost-Effectiveness and Medicine.

3. The student will have an appreciation for the controversies in the field: the costs of consumption in additional life years, productivity costs, discounting, etc.

4. The student will learn and be able to Excel in a series of exercises, some of which will ask the student to replicate the analysis of existing studies from the literature.

5. The student will understand and be able to apply Markov analysis and other modeling techniques.

6. The student will be familiar with the statistical issues of cost-effectiveness analysis and a menu of approaches for evaluating the uncertainty associated with point estimates of the incremental cost-effectiveness ratio.

**IV. Evaluation**

Grades are based on performance on:

- Homework Assignments 20%
- Replication Exercise 25%
- Literature Review 25%
- Final exam: 30%

**Homework**: Homework assignments will be given in class and are due the following week.

**Replication Exercise and Literature Review**: Details to be provided.

**Final Exam**: The final exam is scheduled for Wednesday, May 13th at 9:00 a.m.
Cost Effectiveness Analysis
HSMP 6609, Spring 2015


Additional Reading Material: Posted on Canvas. The material in larger font is required, and the articles in smaller font with the * is optional to read.

Expectations:
I. Class attendance & Participation
   A. Attendance is not required, but is highly recommended.

II. Policies:
   A. Academic Honesty: Refer to School/College guidelines.
   B. Students are responsible for being attentive to or observant of campus policies regarding academic honesty as stated in the University's Student Conduct Code.
   C. Plagiarism is the use of another person's words or ideas without crediting that person. Plagiarism and cheating will not be tolerated. Either plagiarism or cheating may lead to failure of an assignment, or the class, and/or dismissal from the University.
   D. You are responsible for being attentive to or observant of campus policies about academic honesty as stated in the University's Student Conduct Code.
      (http://thunder1.cudenver.edu/studentlife/studentlife/discipline.html)

III. Access, Disability, Communication:
   A. The University of Colorado Denver is committed to providing reasonable accommodation and access to programs and services to persons with disabilities.
   B. Students requesting accommodations should contact:
      C. The Office of Disability Resources & Services (DRS)
         a. 13001 E. 17th Place, Building 500, Rm. W1103
         b. (303) 724-5640.
   D. Their staff will assist in determining reasonable accommodations as well as coordinating the approved accommodations.

IV. Civility:
   A. Adherence to the Student Conduct Code is expected. I am committed to creating a climate for learning, characterized by respect for each other and the contributions each person makes to class. I ask that you make a similar commitment.
   B. Please turn off beepers and cell phones during class.
Cost Effectiveness Analysis  
HSMP 6609, Spring 2015

Week 1 (1/21): Making Collective Decisions, Overview of Economic Evaluations (Mason)

Drummond et al., Chapters. 1, 2


(Note: starred articles are optional)

Week 2 (1/28): Decision Analytic Modeling (Campbell)

Drummond et al., Ch. 9, pp. 277-295.


Week 3 Critical Assessment of Economic Evaluation (2/4)

Drummond et al., Ch. 3

Weeks 4 and 5 (2/11; 2/18): Measuring Costs in Cost Utility Analyses,

Drummond et al., Ch. 4; 5, pp. 103-136

*Weinstein, Milton C., Joanna E. Siegel, Alan M. Garber, Joseph Lipscomb, Bryan R. Luce, Willard G. Manning, Jr., George W. Torrance. “Productivity Costs, Time Costs and Health-
Cost Effectiveness Analysis  
**HSMP 6609, Spring 2015**

Related Quality of Life: A Response to the Erasmus Group," *Health Economics* vol. 6, pp. 505-511.


**Weeks 6-7 (2/25; 3/4): Cost Utility Analyses, Value of Human Life and of Quality Adjusted Years of Life**

Drummond et al., Ch. 6, pp. 137-209.


**EuroQol (EQ-5D):**


**Health Utilities Index (HUI3):**


**Quality of Well-Being Index (QWB):**

Quality of Well-being Scale–Self Administered (QWB-SA) questionnaire.

Cost Effectiveness Analysis  
HSMP 6609, Spring 2015


Short Form 36 (SF-36) and the SF-6D


Disease-specific Quality of Life Weights


Comparative Review of Preference-Weighted Measures of HRQoL


Issues of Bias with the SG, TTO and VAS


Value of a Statistical Life

Syllabus: HSMP 6609  
Page 6  
Spring, 2015
Cost Effectiveness Analysis
HSMP 6609, Spring 2015


Drummond et al., Ch. 7


Cost Effectiveness Analysis  
HSMP 6609, Spring 2015


Spring Break (3/18)

Weeks 10-11 (4/1; 4/8): Markov Models (Atherly/Campbell)

Drummond et al., Ch. 9, pp. 295-315 and additional readings supplied by instructor


Week 12: (4/15): Presenting Economic Analysis

Drummond et al., Ch. 10

Weeks 13 (4/22): Reflecting Uncertainty in Economic Evaluations (Campbell)

Drummond Ch. 8


Weeks 14 (4/29): CEA, CBA and Policy

Drummond et al., Ch. 11


United Kingdom’s National Institute for Clinical Excellence (NICE). *Guide to the Methods of Technology Appraisal*, June, 2008. This Guide is being rewritten and a new one might be available. If so, we will substitute the new one. I will announce which one is current in class. The 2008 version is available on the web at: [http://www.nice.org.uk/media/B52/A7/TAMethodsGuideUpdatedJune2008.pdf](http://www.nice.org.uk/media/B52/A7/TAMethodsGuideUpdatedJune2008.pdf)


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**Week 15 (5/6): Group Project Presentations**

**5/13** Final Exam 9:00 - 10:50 am, regular classroom