

Chapter 9

Economic Evaluation of CAM Use

Li-Chia Chen

The University of Manchester, UK

Mayuree Tangkiatkumjai

Srinakharinwirot University, Thailand

ABSTRACT

Economic evaluation (EE) of health care interventions has been used to inform and affect policy decision-making by considering both costs and outcomes of the interventions. National guidelines in many countries consider cost-effectiveness evidence for making recommendations of healthcare interventions. In such case, EE of complementary and alternative medicine (CAM) is crucial to guide reimbursement decision-making. However, there is currently a lack of cost-effectiveness evidence of using CAM for kidney diseases. There are three types of full EEs, including a cost-benefit, cost-effectiveness, and cost-utility analysis, of which, results of cost-utility analysis is preferred and widely used by healthcare authorities in several developed countries. General approaches for EE of conventional medicine are likely to be applied to assess economic outcomes of CAM for kidney diseases. This chapter depicts the overall principles of EEs, interpretations of economic results and summaries the currently available EE for CAM.

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INTRODUCTION

Increasing cost of health care expenditure is a global trend due to a variety of reasons such as changing population demographics, advances in medical technology, labour intensive nature of the health service and rising salaries, society's increasing expectations, defensive medicine, and impact of living habits on disease epidemiology (Elliott & Payne, 2005). Of which, the cost of pharmacological therapy is still the leading mainstay of the growing health care expenditure (Elliott & Payne, 2005). The increasingly expanding and expensive health service provision leads to scarcity of resources in health care systems, consequently the decisions to devise the maximum total benefit from finite resources, i.e. achieve efficiency of resource allocation, are being made every day. Allocating resources efficiently can be informed by economic evaluations (EEs). "The science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" (Robbins, 1935, pg 16). Health economics is the application of economic principles to the production and consumption of health in the population.

The demand of applying EEs to inform health resource allocation was first raised by the United States (US) congress in 1967 (Tan-torres Edejer, et al., 2003), after which economic information started being used in health care decision making. In the late 1990s, the initiative of using health economic information was expended and consolidated into the Health Technology Assessment (HTA), which is a multidisciplinary field of policy analysis to study the medical, social, ethical and economic implications of the development, diffusion and use of health technology. It is used in the developed countries to provide input into decision making in policy and practice (Tan-torres Edejer, et al., 2003), and informs universal national health systems, such as in the UK, Canada, Australia, and Germany (Bridges et al., 2010; Canadian Agency for Drugs and Technologies in Health, 2006; National Institute for Health and Care Excellence, 2012).

EE is also relevant to the use of complementary and alternative medicine (CAM). The cost of CAM has been rapidly increasing over the last two decades (Davis & Weeks, 2012; Thomas et al., 2001; Xue et al., 2007), and the enquiry about whether it is rational to pay for integrative medicine instead of the conventional medicine has been raised by clinical practitioners (Spinks & Hollingsworth, 2009). Therefore the only valid expense maybe when CAM is an option for illnesses which fail to be treated by conventional medicine

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