

Exercise on Incremental Cost-Effectiveness Ratios

Developed to accompany: Stephen Morris, Nancy Devlin and David Parkin (2007). *Economic Analysis in Health Care*.

Five different clinical tests are available to detect cases of a disease. Each of the tests is mutually exclusive i.e. if a patient receives one test, they will not receive the other. The costs and effects of each test is independent of the costs and effects of the other tests. If no tests are performed, the cost will be zero, and no cases will be detected.

Using the following information, conduct an incremental cost-effectiveness analysis:

	Cost (£)	Effect (no. cases detected)
Test 1	12,000	10.20
Test 2	10,000	10.05
Test 3	22,000	10.30
Test 4	13,000	10.10
Test 5	8,000	10.00

Which test is most cost effective? Use the cost-effectiveness plane to illustrate your answer.

What further information would you require in order to make the judgement that any of these options are good value for money?

Note: see pages 253-258 of Morris, Devlin and Parkin (2007).

