

# Centre for Health Economics

## Seminar Series

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### **‘Does the framework of economic evaluation reflect social objectives: or costs, fairness and reverse order analysis’**

Presented by

#### **Professor Jeff Richardson**

**Date:** Wednesday 5<sup>th</sup> April 2006  
**Time:** 1:00-2:00pm  
**Venue:** RB Scotton Room  
2<sup>nd</sup> Floor, Building 75  
Monash University  
Clayton, 3800



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It is argued in this paper that the trade-off between equity and efficiency objectives may be more complex than usually envisaged. In a national health scheme where the primary objective for government intervention is social justice, some costs and benefits may need to be ignored or discounted, others included at face value and some transfer payments included in the decision algorithm. It is argued here that these problems arise because the conceptual framework of societal global costs and benefits is inappropriate for an analysis of payments which are made to achieve social welfare objectives. Rather, the framework should focus upon ‘social transfers’ between taxpayers and beneficiaries and that the nature and scope of these social transfers will be determined by the principles of fairness which predominate in a society and the level of social generosity. The framework is illustrated with three examples. These are the treatment of (i) transfers; (ii) unrelated costs in an economic evaluation; and (iii) moral hazard.

#### **Presenter**

Jeff Richardson is a Professor in the Faculty of Business and Economics at Monash University and Foundation Director of its Centre for Health Economics. He is an Adjunct Associate of Stanford University. He was the Foundation Director of the Centre for Health Program Evaluation and Acting Director of the ANU based Health Research Unit. He has worked as a consultant for WHO, Australian and State Health Departments and the Australian Development Assistance Bureau (ADAB).

His research interests have covered most aspects of health economics, including comparisons of international health care systems and health system reform, the econometric modelling of hospital and medical supply, demand and medical fees, cost-effectiveness and cost-utility analysis, health care technology and its diffusion, and the modelling of quality of life with multi-attribute utility instruments, social preferences and ethical issues relating to resource allocation. He presently holds a 5 year NHMRC Professorial Fellowship and concurrently a VicHealth Fellowship to continue his research into social objectives and the allocation of health care resources. He recently chaired a Review of the Tasmanian Hospital System (‘The Richardson Report’, Released 29 June 2004).

**VISITORS ARE MOST WELCOME. The Seminar Series is free of charge. For confirmation of your attendance and further information please telephone 9905 0733 or email [che@buseco.monash.edu.au](mailto:che@buseco.monash.edu.au)**