The evolving health economics evaluation paradigm and the role of the QALY

Michael Schlander[1-3], Jeffrey Richardson[4]

[1]Institute for Innovation & Valuation in Health Care (InnoVal[HC]), Eschborn, Germany; [2]University of Applied Economic Sciences Ludwigshafen, Germany; [3]University of Heidelberg (Mannheim Institute of Public Health), Germany; [4]Monash University (Centre for Health Economics), Melbourne, Victoria

The quality-adjusted life year (QALY) is a unit of measurement which combines the length and quality of life in a way which reduces the number of dimensions which must be taken into account in an economic evaluation. In simple cost utility analysis (CUA) the problem of allocating scarce resources is reduced to two steps: ranking projects by their cost per QALY and deciding upon a threshold cost per QALY above which projects will not be funded.

Over time there has been increasing dissatisfaction with the perceived excessive simplicity of the approach. Partly this has arisen over technical questions: which instrument should be used to measure QALYs (the SG, TTO, etc.); should the QALY be replaced by the healthy-year equivalent (HYE) – is there additive separability between health states; are valid QALY league tables achievable. However there has been also increased questioning of the value basis of the QALY. Should 'utility' incorporate an individual or social perspective (like the person trade-off, PTO); should economics revert to the earlier concept of hedonic, rather than preference / utility (i.e., subjective well-being), but, perhaps most fundamentally, can QALYs be abstracted from other values relating to the distribution of benefits between patients with dissimilar problems, and disregard characteristics of services except when they impact upon utility, social well-being (SWB) or some other uni-dimensional value.

Apart from normative concerns, there are an increasing number of empirical studies on societal preferences for health care resource allocation, indicating that the QALY maximization hypothesis must be considered as falsified. The broad range of documented 'contextual' variables implies that a uniform 'social value' of a QALY does not exist, and suggests that projects designed to determine the dollar value of a QALY will either fail or mislead policy.

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