



Title	Estimating Implied Rates of Discount in Healthcare Decision Making
Agency	NCCHTA, National Coordinating Centre for Health Technology Assessment Mailpoint 728, Boldrewood, University of Southampton, Southampton SO16 7PX, United Kingdom; Tel: +44 2380 595586, Fax: +44 2380 595639
Reference	Health Technol Assess 2003;7(38). Nov 2003. www.ncchta.org/execsumm/summ738.htm

Aim

To consider whether implied rates of discounting from the perspectives of individual and society differ, and whether implied rates of discounting in health differ from those implied in choices involving finance or 'goods'.

Conclusions and results

The literature review revealed few empirical studies in representative samples of the population, few direct comparisons of public with private decision making, and few direct comparisons of health with financial discounting. Implied rates of discounting varied widely, and studies suggested that discount rates are higher the smaller the value of the outcome and the shorter the period considered. The relationship between implied discount rates and personal attributes was mixed, possibly reflecting the limited nature of the samples. Although direct comparisons were few, some studies found that individuals apply different rates of discount to social versus private, and health versus financial comparisons. The present study also found a wide range of implied discount rates, with little systematic effect of age, gender, educational level, or long-term illness. Both samples presented evidence that people chose a lower discount rate in comparisons made on behalf of society than in comparisons made for themselves. Both public and health professional samples tended to choose lower discount rates in health-related comparisons than in finance-related comparisons. Responses derived from hypothetical questions suggested that the detail of question framing could influence the implied rates of discount.

Recommendations

The study suggested that both the lay public and healthcare professionals consider that the discount rate appropriate for public decisions is lower than that for private decisions. This finding suggests that both lay people and healthcare professionals (who are used to making decisions on behalf of others) recognize that society is not simply an aggregate of individuals. It also implies a

general appreciation that society is more stable and has a more predictable future than does the individual. There is fairly general support for this view in the theoretical literature and limited support in the few previous direct comparisons.

Methods

The study comprised a review of economics, health economics, and social science literature and also an empirical estimate of implied rates of discounting in four fields: personal financial, personal health, public financial, and public health, in samples representative of the public and of healthcare professionals.

Further research/reviews required

Further research is indicated, possibly involving more in-depth interviewing and drawing inference on real, rather than hypothetical, choices.