



<b>Title</b>	<b>Threshold Values for Cost-Effectiveness in Health Care</b>
<b>Agency</b>	<b>KCE, Belgian Health Care Knowledge Centre</b> Kruidtuinlaan, 55 B-1000 Brussels, Belgium; Tel: +32 2 287 3388, Fax: +32 2 287 3385; info@kce.fgov.be, www.kce.fgov.be
<b>Reference</b>	Report nr 100 (C), 2008. www.kce.fgov.be/index_en.aspx?SGREF=5215&CREF=12539

## Aim

To explain the theoretical foundations and relevance of a threshold value for the incremental cost-effectiveness ratio (ICER) in different types of healthcare systems.

## Conclusions and results

The ICER has its weaknesses as a measure for evaluating an interventions' potential to increase efficiency in health care. In a fixed budget situation, the ICER threshold value is variable over time and unknown. Defining the ICER threshold value as the maximum societal willingness to pay for a quality-adjusted life year (QALY) or life-year gained (LYG) requires a flexible budget. Its measurement is, however, not possible for methodological reasons, but this is not an argument against the use of economic considerations in healthcare decision making. Neglecting economic considerations is unethical as spending resources on one health program reduces the resources available for other health programs.

## Recommendations

- Economic models should be reported in a transparent way, presenting all information used in the model in a way that allows policy makers to verify the assumptions and weigh the importance of the assumptions for the decision. Transparency and control of economic models is crucial to increase their credibility.
- The results of economic evaluations should be presented in disaggregated form. This includes "unpacking" the ICER. It also involves presenting other economically relevant outcome parameters that can be derived from the economic evaluation, but that are not necessarily visible in the ICER estimate.
- Alongside the disaggregated presentation of economically important elements, the ICER should continue to be presented, calculated according to standard methodological guidelines.
- Decision makers should be more transparent in their

decision-making criteria and the relative importance of the different criteria in each decision.

## Methods

This report is a narrative literature review, based on an incremental literature search reflecting different perspectives on ICERs and ICER threshold values. An international comparison was included, based on a review starting from the list of pharmacoeconomic guidelines published by the International Society for Pharmacoeconomics and Outcomes Research. For a field study we conducted two group interviews: one with members of the Bureau of the Drug Reimbursement Committee (DRC) and one with members of the Technical Council for Implants (TCI) in Belgium.

## Further research/reviews required

To improve the transparency of decision-making processes, more research on the criteria for decision making is needed.