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“Information Created to Evade Reality” (ICER):
Things We Should Not Look To For Answers

Cost-Effectiveness Analysis (CEA) has been advocated as a methodology to help decision-makers allocate scarce healthcare resources. In this presentation I critically appraise the information generated by CEA, in particular the incremental cost effectiveness ratio (ICER). Despite the central role of the threshold ICER, or lambda (λ), in the methods and application of CEA, little attention has been given to the determination of the value of λ . In the presentation I consider ‘what explains the silence of the λ ’? The concept of the threshold ICER is critically appraised. I will show that there is ‘silence of the λ ’ with respect to justification of the value of the ICER thresholds, their use in decision making and their relationship to the opportunity costs of additional resources. More over, the ‘sound of silence’ extends to both ‘automatic cutoff’ and more sophisticated approaches to the use of λ in determining recommendations about healthcare programs. I argue that the threshold value provides no useful information for determining the efficiency of using available resources to support new healthcare programs. On the contrary, the threshold approach has lead to decisions that resulted in increased unplanned expenditures on healthcare programs and concerns about the sustainability of funding to these programs without any evidences for increase in total health gains. As long as decision makers are concerned with making the best use of available healthcare resources, CEA and the ICER threshold should not be where we look for answers. To improve efficiency in resource allocation, decision makers need information about the opportunity costs of programs. Economics provides valid methods for maximizing the health improvements that can be attained with a given allocation of resources by taking into account the opportunity cost of these resources. These methods, which I will describe in my talk, can help decision makers to allocate healthcare resources efficiently under circumstances of fixed, shrinking or increasing budgets.