FROM THE EDITOR'S DESK

Pharmacoeconomics focuses on the costs and benefits of drug therapy and pharmacy economic evaluations provide a basis for resource allocation and utilization. It is increasingly becoming important for health policy decision-making. A pharmacoeconomic evaluation may be conducted as an economic assessment incorporated into clinical trials. Such trials should compare the new drug/procedure with an older drug or existing intervention. Four techniques are used for economic evaluation, namely, cost-minimization analysis, cost-effectiveness analysis, cost-utility analysis and cost-benefit analysis. The choice of the evaluation method depends on the nature of outcomes and the context in which the choices need to be made. Pharmacoeconomics is a comparatively young science that is improving with application. Its need is undeniable, especially in developing countries.

There's no doubt that pharmacoeconomics represents another obstacle to the availability of new medicines. In jurisdictions using pharmacoeconomics, once a drug obtains a licence, or approval to market, a dossier must be submitted to a separate committee that will decide on reimbursement. Indeed, this process is often referred to as the "fourth hurdle", as cost effectiveness is being added to the three traditional criteria for licensing: efficacy, safety, and quality of manufacture. Often the indications for reimbursement, or guidance for use, will be narrower than the licensed indications.

On the other hand, the requirement to undertake pharmacoeconomics studies at least gives manufacturers the opportunity to demonstrate the cost effectiveness of their products. It is worth noting that many of those jurisdictions currently using pharmacoeconomics have always imposed some limitations on the reimbursement of new medicines. It is by no means certain that the use of pharmacoeconomics makes these restrictions tougher. In addition, even in jurisdictions with no apparent restrictions on the availability of new medicines, covert rationing takes place because of financial considerations

In a world where reimbursement is driven by value for money considerations, the successful manufacturers will be those who focus on developing products that are cost effective in a wide range of indications and patients. Indeed, value for money considerations should be one of the main factors driving the drug development process. Such a shift in research priorities, could be beneficial to patients, their physicians, and society at large.

Dr Sonal Dubey

(Editor)