

Necessity and Components of Pharmacoeconomics

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Description

According to the NHEA, health-care in the United States increased by 4% in 2017 to \$3.5 trillion or \$10,739 per person. In 2010, pharmaceuticals accounted for almost 12% of health-care spending (about \$900 per person). Each year, health-care prices have risen faster than the general rate of inflation. CMC (critical micelle concentration) also calculated that total healthcare spending will increase at a 5.8% annual rate on average from 2015 to 2025, which is 1.3 percent more than the predicted annual increase in GDP. Employers are becoming more interested in innovative drug or administration tactics as a result of this. Increasing healthcare costs have compelled firms to rethink the perks they provide to their employees. The necessity to understand how limited resources might be used most efficiently and effectively has arisen as a result of the continuing rise in expenses.

Pharmacoeconomics is important in a variety of industries, including the healthcare industry, where it is used to choose between various research and development choices, it's also required in government to calculate programme benefits and running costs, in the private sector, there is a need to make insurance benefit coverage formulation easier. In general, the PE is required in the following ways: In industry, it aids in the selection of specific research and development options, in the public sector, it is used to determine programme benefits and costs, and in the private sector it is used to create insurance benefit coverage.

Cost of drug

The value of the resources utilized by a medication therapy of interest is defined as cost. It is the sum paid by the patient to the vendors. The impacts, outputs, or outcomes of the pharmacological therapy programme of interest are referred to as consequences.

Direct medical costs

These are the costs of specialist medical resources and services. It comprises physician wages, pharmaceutical purchase expenses, drug administration consumables; staff time spent preparing and administering medicines, and laboratory expenditures for monitoring effectiveness and adverse drug responses.

Direct non-medical cost includes costs such as lodging, special diets, and transportation that are necessary to enable an individual to receive medical care; lost work time (important to employers), such as acute Otitis media in paediatric patients with professional parents who lost work time during their child's treatment.

Indirect cost

The expense borne by the patient, his or her family, friends, or society, many of these are difficult to quantify, but they should be of concern to the entire society. This includes lost societal production, unpaid caregivers, lost pay, illness-related expenses borne by patients, relatives, friends, employers, and the government, and missed leisure time.

Intangible costs

These are costs associated with the patient's pain and suffering, as well as the concern and other discomfort experienced by the patient's family members, as well as the impact on quality of life and health perceptions. Patients with rheumatoid arthritis, cancer, or terminal illnesses, for example, whose quality of life is harmed as a result of drug therapy side effects. These are difficult to quantify in terms of money, but they are a major source of concern for both doctors and patients. Intangible costs can be measured using the quality adjusted life year (QALY).

Outcomes

(The second fundamental component of a pharmacoeconomic study is outcomes or benefits). The expected benefits might be measured in:

- "Natural" units e.g. years of life saved, strokes prevented, and peptic ulcers healed etc.
- "Utility" units-Utility is an economist's word for satisfaction, or sense of well-being, and is an attempt to evaluate the quality of a state of health, and not just its quantity. Utility estimates can be obtained through direct measurement (using techniques such as time trade off or standard gambles, or by imputing them from the literature or expert opinion. They are often informed by measures of quality of life in different states.

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