Health care resource allocation: is there a role for the capability approach?

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Introduction

- Health is an intrinsic capability
  - Sen refers to the freedom to avoid premature mortality and morbidity, and it appears in many lists, notably Nussbaum's
- Considerable research around capabilities and the health domain
  - Determinants of capability, (mental) health, quality of life, measurement, functioning, conversation factors, social justice, equity
- But we wish to focus on capabilities and their role in health care resource allocation
  - How could it be applied, what are some of the issues to be overcome?

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Health care resource allocation

- All resources (labour, land, capital, knowledge) are scarce
  - Necessary to make decisions as to how to use these scarce resources
- How do we make such choices and how can the capabilities approach help?
- Two resource allocations approaches
  - In a market system, price provides an efficient means of resource allocation
  - In a non-market (e.g. health care) system
    - Questions as to the objective, is it efficiency or equity
    - Questions as to the decision maker, who decides the allocation
    - Questions as to the criteria, what attributes are important
- The objective, the decision maker, the criteria are all key to operationalising the capability approach to inform resource allocation

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Efficiency or equity?

- Efficiency: maximisation of ‘benefit’; utilitarian ethic; distribution is irrelevant
- To measure efficiency we first consider what is effective. In health this is heavily dictated by clinical effectiveness
  - Health and disease, but mostly disease
  - Move towards health related quality of life and wellbeing more generally (extra welfarist approach – QALY)
- A capability focus would be an explicit move from disease to health/wellbeing AND a move away from functioning
  - Utilising a capability approach would change the notion of benefits, efficient allocation might be about cost per unit of capability (what is a unit of capability?)
- Equity: just distribution; based on need? age? lottery?
  - “From a policy perspective it is … important to specify precisely what is meant by equity, equity of what and among whom, in order to derive appropriate policy conclusions for pursuing equity goals” (Birch and Abelson, 1992)
- Equity in the capability context means that we would not only look to maximisation, fundamentally change the current approach to evaluation

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Decision maker?

- Often the decision maker is the funder/budget holder
- Extra-welfarism (in part informed by the capability approach) resulted in a move away from individual preferences to public preferences, to reflect the fact that this was a decision to influence the community (with an associated opportunity cost)
- Notably Sen specifies that capabilities and freedoms need to be important to the individual, but the decision maker should decide the weights, expert centred
- Also issues of procedural fairness with respect to this decision making
  - consistency/transparency/accuracy

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Criteria/Attributes?

- Sen deliberately underspecified the approach
- Numerous lists exist (Nussbaum, OCAP, OCAP-18), and more recently instruments have had preference weights attached such that they can be used in an economic evaluation
  - ICECAP suite of instruments
- But Sen argues that capabilities are person and culture specific, so can a generic instrument be applied?
  - A different list of attributes or just different weights attached to these attributes?
- Preference weights reflect individual choices, but they do not address the issue of equity and social preferences
  - Sen's agency goals – goals deemed important but not focused on one's own wellbeing

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What is the problem?

- Poor health, preventable disability, premature mortality (‘inequalities in health’)
- The CA addresses this problem by showing how social choice plays a great role in health and its distribution. Healthcare is one important social determinants of health.
  - How do we apply the CA to the social choices in relation to the multiple dimensions of health?
  - How do we apply the CA to the specific domain of health care?
  - The above two have to be consistent.

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What is the problem in health economics?

- Resource allocation / rising costs
  - Effectiveness (defer to science) **
  - Efficiency
  - Equity
  - Cost-containment (??)

HE is used to adding equity considerations after measurements of health states and efficiency calculations. Where efficiency creates losers.

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Applying CA to HE

- Measure benefits in cost-benefit analysis in terms of capabilities.
  - What then does a health capability look like?

- Other principles
  - Equity
  - Impartiality (objective assessment)
  - Liberty
  - Individuals

Equity

- Multiple dimensions
  - Causes
  - Need
  - Likelihood of benefit
  - Few or many (non-trivial cases)
  - Non-health consequences
  - Experience of disease and dying
  - Persistence through generations
  - Process

Questions for discussion

- Capabilities as an outcome measure in economic evaluation is fine, but to inform broader decision making and resource allocation is a step too far?
  - What is the set of capabilities?
  - How do we value them, and who should value them?
  - How do we anchor them for comparison with say QALYs?
  - Should they be used in a maximisation framework?
  - Is equity in a capability context too multidimensional to be workable?

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Further Reading

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