

Invited Speaker Seminar



Title: The Adoption of Pharmaceutical Innovation and Its Impact on the Treatment Costs for Alzheimer's Disease in Taiwan

Speaker: Professor Chee-Ruey HSIEH, Ph.D.
Research Fellow
The Institute of Economics, Academia Sinica
Taipei, Taiwan

Host:
Professor Eric FINKELSTEIN Ph.D., M.H.A.
Director of Lien Centre of Palliative Care
Professor, Program in Health Services & Systems Research (HSSR)

DATE	VENUE	TIME
3 Sep 2013	Duke-NUS Amphitheatre, Level 2	10-11am

About the Lecture: As the population ages, the number of people living with Alzheimer's disease (AD) has been increasing over time. Between 1999 and 2006, four new AD drugs were approved for insurance coverage in Taiwan. Based on longitudinal insurance claims data which include 1,088 patients covering the period between 1997 and 2007, we investigate the impact of adopting these new drugs on pharmaceutical expenditure both specifically and in relation to overall health expenditure. Our empirical findings are consistent with previous evidence that the adoption of pharmaceutical innovation is costly. To be specific, the expenditure-increasing effect is mainly reflected by the increase in expenditure on drugs in the outpatient sector. In addition, we find evidence of a significant offsetting effect in the sense that new-drug users tend to make less use of inpatient services. As a result, the net effect of adopting pharmaceutical innovation is heterogeneous across AD patients: the use of new drugs is expenditure-increasing for patients whose health care costs are distributed below the 90th quantile; by contrast, the use of new drugs is expenditure-neutral above the 90th quantile, that is, the increase in the drug costs is almost completely offset by the decrease in the inpatient expenditure. Given that the impact of adopting new AD drugs on health care costs is not uniform among patients, current payment regulations that impose simple clinical criteria to decide the eligibility of using new drugs may become an access barrier to realizing the potential benefits of pharmaceutical innovation.

About the Speaker: Chee-Ruey Hsieh is a Research Fellow at the Institute of Economics, Academia Sinica, Taiwan. He is coauthor of Health Economics (2012) published by the MIT Press. Beginning from February 2014, he will shift his research base to Duke Kunshan University in China.

All are welcome

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