

EMCDDA Expert meeting on methodology and
use of COI results
in drug field in the EU

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Discussion

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- **Methodology and use of cost of illicit drugs studies in EU : discussion**
- I What are the merits and the limits of existing cost estimates?
- II What is the relevant information for health and drug policy design?
- III Does it make sense to compare the results of the existing studies ?

- **I Merits and limits of “cost of substance studies”**

The three steps of a cost of substance study

- **Epidemiology:** prevalence of use, type of use, mortality, morbidity
- **Impact:** work impairment, education impairment, diverted resources (public policy costs, medical resources), accidents and quality-of-life change. Units: natural or physical units, utility (HRQOL)
- **Valuation:** expressing the physical impact in money terms

Obstacles and unsolved problems

- **Epidemiology**

- Statistics of drug use (often) not reliable
- Drug use is often a **co-morbidity**: how to take this fact into account?
- Mortality: long time lag between use and diagnosis make it difficult to determine the attributable fraction (hepatitis), attributable fraction for road accidents.....
- Morbidity: physician diagnosis not (always) reliable
- Multiple substance (drug, alcohol) use: consequence for the drug use estimate

- **Impact assessment**

- Drug use and investment in human capital (consequences on educational achievement)
- Life-long work impairment of drug users: incapacity is generally known, but not reduced productivity increased unemployment or absenteeism (the fifty percent rule)
- Former drug users in the aging population: do they need more long term care

- **Valuation**

- Which method : human capital or willingness-to-pay, or both
- Which approach : each consequence is valued separately or profile
- Gross or net production losses (mortality)
- Human capital or friction cost method

Friction cost method

FCM Hypothesis : the number of employed people is determined by workplace availability (causal factor) not by the number of individuals in the workforce (exogenous variable)

Alternative hypothesis : there is a bidirectional causality (workforce is endogenous).

More available workforce, more jobs.

Bidirectional causality seems a more plausible hypothesis (economies clause to full employment).

What is to be included in the cost and what not?

- Acquisition cost of the product?
- Prevention expenditure?
- Crime careers?
- Police and justice?
- Domestic activities?
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Does the reduction of health expenditures or pension due to premature death be considered?

- Is it reasonable to consider that former drug users once they stop consuming drug are as productive as an average member of the community?
- **Is any number better than no number ?**
- Does it make sense to assess the production losses and not the deterioration of quality of life (drug user and her/his family)?
- Results must be understandable and acceptable for decision makers.

- **II What are the relevant information for health and illicit drug policy?**
- Aggregate total cost (as an argument to obtain support for the public policy expense!, or as an information to set priorities)?
- Public expenditure vs. social (economic) cost studies
 - Two different studies, different methodology (little synergy)
 - Public expenditures : transfers and non transfers
 - Any argument to weight differently public and private costs
 - Public expenditure study: does it bring useful information (for policy decision makers)?

What are the relevant information for health and illicit drug policy?

- Marginal cost (cost of an additional drug user), benefit of prevention?
 - Health care cost, net health care cost?
 - Public policy costs?
 - Avoidable costs?
 - Avoid to give a false signal : estimates **without considering quality of life changes/psychosocial impact** is dangerous
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- smoking vs. Illicit drug/alcohol

III Does it make sense to compare the results of the different studies?

- Does the availability of data strongly influence the estimate?
- Do the (even small) differences in methodology strongly influence the outcome?
- How can the large differences in cost estimates be explained? By scope and methodological choice ?