A PHARMACEUTICAL INNOVATION:
IS IT WORTH THE MONEY? WHOSE MONEY?

Presented by Prof Peter Zweifel

Abstract
This study seeks to provide evidence for deciding whether or not a pharmaceutical innovation should be included in the
benefit list of social health insurance. A discrete choice experiment (DCE) was conducted in Germany to measure
preferences for modern insulin therapy. Of the 1,100 individuals interviewed in 2007, 200 suffered from type 1 diabetes,
150 from insulin-treated type 2 diabetes, and 150 from insulin-naive type 2 diabetes. The long-acting insulin analogue
"Insulin Detemir" is compared to human insulin as the status quo. The DCE contains two price attributes, co-payment
and increased contributions to health insurance. As one would expect, non-affected non-diabetics and insulin-naive
diabetics exhibit higher willingness-to-pay (WTP) values through co-payment (adjusted for probability of contracting
diabetes), while affected type 1 and insulin-treated type 2 diabetics have higher WTP through increased contributions.
However, WTP values exceed the extra treatment cost in both financing alternatives, justifying inclusion of the innovation
in the benefit list from a cost-benefit point of view.

When: Friday 15 May 2009
Time: Lunch Presentation from 12.00-1.00pm
Where: Health Sciences Boardroom 400:405
RSVP: By 11 May to c.sams@curtin.edu.au
Please bring your own lunch. Tea and coffee will be provided.

About the Presenter
Professor Peter Zweifel has been a Professor of Economics at the University of Zurich since 1983 and Director of the
Socioeconomic Institute since 1997. The Institute is devoted to research and teaching in areas where regulation is of
particular importance. This includes private and social insurance (old age provision, health, and long-term care), health
care, energy, and transportation, and competition policy. Together with Friedrich Breyer, Dr Zweifel is the author of
Health Economics (Oxford University Press, 1997); other texts ("An Economic Model of Physician Behavior", "Insurance
Economics", "International Economics") are available in German only. His work has been published by the American
Economics, Journal of Health Economics, among others. Dr Zweifel has been a visiting Professor at the University of
California at Santa Barbara, the Wharton School of the University of Pennsylvania, Witwatersrand University in
Johannesburg (South Africa), and Curtin University in Perth (Australia). Together with Mark Pauly of the University of
Pennsylvania, he is the editor of the International Journal of Health Finance and Economics (Kluwer). He also serves on
the boards of the Journal of Regulatory Economics, the International Journal of the Economics of Business, and of the
German Zeitschrift für die Gesamte Versicherungswissenschaft (J. for the Entire Science of Insurance). He is a member
of the Competition Commission, the Swiss antitrust authority, as well of the Swiss Commission for Energy Research
(CORE). He is a past president of the International Health Economics Association (iHEA) and of the European Group of
Risk and Insurance Economists.