



Health Economics



WHAT IT IS AND WHY IT MATTERS TO YOUR RESEARCH

What is Health Economics and Economic Evaluation?

Health economics is the study of how limited resources are used in health and care. Economic evaluations are a method to assess the value for money of healthcare interventions by comparing the costs and health outcomes of alternative courses of action. It provides decision-makers with evidence to support resource allocation by answering key questions like:

- **Is this new treatment worth its cost?**
- **Which interventions offer the best health return per pound spent?**
- **Should this innovation be adopted within the NHS?**

Why it Matters

In a healthcare system with limited budgets, economic evaluation supports **evidence-based investment** in innovation. It ensures resources are directed toward technologies that deliver **measurable value** to patients and the public. Understanding health economics helps you to collaborate effectively with health economists, make informed decisions about research design, and communicate economic results to funders and policy-makers.

Who uses health economic evidence?

Economic evidence informs key stakeholders, including health technology assessment agencies, reimbursement bodies, healthcare commissioners at all levels, non-governmental organisations (NGOs), international funders, and research and development programs.

How Economic Evaluation Supports NIHR Collaborations

The NIHR Biomedical Research Centres (BRCs) and other research collaborations in England aim to translate discoveries into benefits for patients. Economic evaluation is a critical component that enhances this process by:

Prioritising Research Investments

- Identifies innovations with the highest potential for cost-effective impact.
- Ensures early-stage research is guided by likely downstream economic value.

Strengthening Funding Applications

- Demonstrates to funders and stakeholders that an intervention is not only clinically effective but also economically viable.
- Enhances credibility in multi-disciplinary grant proposals.

Supporting NHS Adoption

- Economic evidence helps bridge the gap between research and implementation.
- Provides NHS commissioners with robust data to inform adoption decisions.

Enabling Value-Based Innovation

- Encourages development of technologies that are not only novel but also affordable and scalable.
- Aligns R&D efforts with national priorities, such as reducing health inequalities or improving productivity.



Health economic expertise and links with other NIHR infrastructure programmes

Besides BRCs, health economists are frequently working across several NIHR funded programmes, such as the Applied Research Collaborations (ARCs), HealthTech Research Centres (HRCs), and Research Support Service (RSS). Innovations stemming from the BRCs may be translated into clinical practice through the ARCs and the HRCs while, efforts for obtaining further research funding for translational research may be supported by RSS.

More info: [Research Support Service](#) | [NIHR](#)

A Strategic Asset

Integrating health economics into NIHR Biomedical Research Collaborations transforms promising innovations into real-world impact. For example:

- **Early diagnostics:** Economic modelling shows how faster diagnosis can reduce long-term treatment costs and improve outcomes.
- **Digital health tools:** Evaluation clarifies which tools offer clinical benefit without escalating costs.
- **Precision medicine:** Identifies subgroups where targeted treatment yields the greatest cost-effectiveness.

Health economics ensures that England's biomedical research not only advances science but also delivers sustainable, equitable healthcare improvements for all.

Get in Touch

Contact us to learn how to embed economic evaluation into your research programme.

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