

with private and State-local finances dominant in the field of health care.

If research, development, and prevention have greater multiplier and stimulative effects than other types of health-related expenditures, as is sometimes suggested, it may be a plausible hypothesis that the economic effects of Federal Government outlays in the broad field of health care improvement are relatively high in proportion to their amount. This is a proposition that might well be tested in future studies.

Agency statements in part III include some observations on the economic costs of various diseases and potential benefits from reducing their incidence. A few of these comments are cited here, to suggest issues and possibilities.

The Public Health Service symposium report on "Economic Benefits From Public Health Services: Objectives, Methods, and Examples of Measurement," cited in an earlier section, illustrates methods of using the following ideas in anticipating or appraising the economic effects of a health program—

- (1) that health services can pay off in terms of the productivity of workers whose early death is averted or whose sickness is avoided, shortened, or made less severe; and
- (2) that some types of preventive health service are much cheaper than the treatment which is needed if the preventive approach is not used.

The initial paper in the report, by Clem C. Linnenberg, Jr., Ph. D., raises the question: How shall we measure economic benefits from public health services? and notes that the applicability of cost-benefit analysis is not limited to the field of public health, however that field is defined. Dr. Linnenberg suggests that in the realm of measuring benefits from health services, the following approaches appear to be possible and useful:

- (1) Measures of a physical sort, such as the reduction in typical duration of disability from a specified disease when one drug or form of therapy is used instead of another.

- (2) Procedures specifically designed to measure economic benefit—some relating to medical care, others to environmental health services, and so on—that will enable the analyst, within limits, to say in which program the economic returns from a given increment of expenditure will be greatest.

- (3) Concerning research, especially of any relatively basic sort, any cost-benefit analysis probably cannot be more than a very rough indicator as to how resources should be allocated. Comparison of the economic benefits that would result from reducing each of two financially burdensome diseases to negligible importance still leaves unanswered the question of what it would cost to achieve that result. Major uncertainties cloud the outcome and costs of proposed research. Moreover, the knowledge derived from medical research often is useful in more than one field. Nevertheless, an estimate of the existing economic burden of each of two diseases will be of some use in allocating research funds between the two.

Also considered in Dr. Linnenberg's paper is the question: What is meant by costs and what is meant by benefits in cost-benefit analyses of health services? Among other pertinent questions considered are the