

## Recovery of Medical Costs for Asbestos Diseases (Wales) Bill: personal statement

### Introduction

There are four main diseases associated with inhalation of asbestos fibres:

- Mesothelioma - a form of cancer mainly affecting the lining of the lungs
- Asbestos related lung cancer
- Asbestosis - a non-malignant scarring of the lung tissue
- Non-malignant pleural disease

There is no specific Welsh study assessing the costs associated with asbestos related diseases, with the only information available that from a study that estimated that the hospital costs of mesothelioma in UK in 2000 of £16 million<sup>1</sup> - and which would probably equate to £23.3 million at current prices. The study also highlighted that such estimates “are certain to be gross underestimates of the total health service costs of asbestos related illness and treatment,” given that lung cancer cases due to asbestos, other cancers linked to asbestos-exposure and other asbestos-related diseases were not included in the calculations of the cost burden.

### Comment on costs and benefits appraisal of the options

1. The appraisal is a very detailed consideration of the costs and benefits and is basically technically sound, although the incorporation of variation around the estimates used would have proved to be helpful.
2. The assumption that there will be 80 cases each year for which NHS treatment costs can be recovered fails to take into account the HSE data that shows the increasing trend in mesothelioma cases until at least 2016.
3. The CRU tariffs used are those from April 2010 – as stated these are uplifted each year to reflect inflation – and would therefore increase the gross annual recovery amount.
4. The choice of a 5-year time perspective seems rather limited.
5. One aspect of the rationale for government involvement in the economy is to offset adverse effects on society resulting from what are termed externalities, where the effects of production impact on others not directly involved in that process. The repayment of costs incurred by the NHS resulting from the treatment of asbestos-related diseases – in addition to compensation paid to the sufferers – is intended to fully capture all of the costs associated with the production process.
6. However, the adoption of a societal perspective in the cost-benefit analysis may not be the most appropriate approach in this particular context.
7. The inclusion of the ‘business costs’ into the calculations, and specifically the NHS cost repayment, will make it impossible for the net present values to be positive given that the cost to businesses equates with the benefit to government. The issue in essence here is whether the additional cost borne by private sector organisations, resulting from the

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<sup>1</sup> Watterson A, Gorman T, Malcolm C, Robinson A, Beck M. The economic costs of health service treatments for asbestos-related mesothelioma deaths. Ann NY Acad. Sci 2006; 1076: 871-881.

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payment of compensation, will adversely affect the decision to continue with production. If there is still a net gain to the organisation from continuing with production there remains a net efficiency gain for society and should therefore be viewed accordingly.

8. However, as indicated in some cases the compensator will be public sector organisations and there will therefore be a negative impact on the Exchequer, which basically becomes a transfer between respective public sector organisations.
9. The perspective employed by NICE, for example, in their appraisal of technologies is that of the National Health Service and personal social services, while other appraisals view the evaluation from the perspective of the public purse.
10. If a partial societal perspective was employed for the cost-benefit analysis – and therefore not including the cost to employers/insurers the resultant net benefit would be positive, with net benefits gained of £7.8 million and NPVs of £6.9 million.

**Ceri J. Phillips**

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