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Book reviews

Cost-effectiveness analysis

2nd ed.; Levin, H. M., McEwan, P. J.; Sage Publications, Inc., Thousand Oaks, CA, 2001, ISBN 0-7619-1934-1 (paperback), ISBN 0-7619-1933-3 (hardcover); Publisher web site: www.sagepub.com

Economic forms of program evaluation are given increasing space in texts on program and evaluation in general (e.g. Posavac & Cary, 1997) and in particular fields (e.g. Kazdin, 1998), but neither cost-effectiveness analysis (CE) nor the three other forms of analysis detailed in this book (cost-benefit analysis or CB, cost-utility analysis or CU, and cost-feasibility analysis or CF) have become integral to program evaluation. Explicit mention of one or more of these cost-related analyses does, however, appear with sufficiently increasing frequency in written and oral discourse—and in requests for proposals and guidances for applicants—to warrant increased attention by professional evaluators. Levin and McEwan's book is positioned to be a primary, initial resource for evaluators who need to become knowledgeable about cost-effectiveness, cost-benefit, and cost-utility analysis in short order.

This 308-page book by Henry M. Levin and Patrick J. McEwan is the second edition of Levin's (1983) classic *Cost-effectiveness analysis: A primer*, originally published by Sage in a relatively meager 168 pages as the fourth volume of the *New Perspectives in Evaluation* series in 1983. The *primer* was quite a success, with 13 printings. This second edition is *not* a minor rewriting and re-release; it is a real reworking and re-positioning of the tome as a professional text. This new edition also has a more polished, professional graphics design, from the cover to the background shading to denote different sections of the chapters and book.

This second edition is designed for three distinct audiences: (a) the professional who wishes to become more knowledgeable about cost-related evaluation methodologies, (b) the professor who wishes to teach (and learn more about) the same, and (c) the student who both fears and needs cost-related evaluation skills. This book could serve admirably as a primary text in a graduate seminar on evaluation. It is also full of resources for professors and workshop leaders who use this text in their courses.

Reflecting this pragmatic focus, each of the nine chapters begins with a short list of objectives, and ends with a series of Exercises and, usually, a chapter summary. A 26-page appendix provides answers ('feedback') to the exercises. Moreover, in addition to the traditional References section

for works cited in the book, a second Appendix provides a 20-page bibliography. While not annotated, the bibliography is partitioned by topic (usually areas of education). Of special note to researchers in the international arena, each topic in the bibliography is further broken down into 'developed' and 'developing countries', e.g. 'School Choice and Private Education: Developed Countries' and 'School Choice and Private Education: Developing Countries'. These all are valuable resources for both self- and formal education in cost-related evaluation strategies. While they existed in the first, *Primer*, edition of the book, they are much enhanced in the present edition. Three separate chapters now cover topics that had been shoehorned into a single chapter in the *Primer*: cost-effectiveness analysis, cost-benefit analysis, and cost-utility analysis. Additional examples, in particular, make these chapters quite lucid.

One aspect of this book that first came to my attention when I examined the bibliography was that cost-related analysis conducted in other areas of social science research (e.g. health and mental health, substance abuse treatment, criminal justice) are not included, for the most part. In contrast to other books that address one or more of the types of analysis covered in Levin and McEwan (e.g. Gold, Siegel, Russell, & Weinstein, 1996; Nas, 1996; Yates, 1996), Levin and McEwan draw almost all their examples from education (with some exceptions, e.g. the use of Quality Adjusted Life Years in analyzing the cost-effectiveness of health programs). The education examples are sufficiently diverse, however, and the topics in education are ones with which readers (including students) will be sufficiently familiar, so that the examples work well. The focus on education may simply tempt readers from other disciplines to apply cost-related evaluation to those disciplines in their own work.

This second edition also addresses a number of topics that have emerged into the mainstream of cost-oriented evaluation since the first edition was published, such as meta-analysis, and the Monte Carlo form of sensitivity analysis. In fact, a variety of concepts from program evaluation are included in this book, so that readers need not run to the shelf every few pages to buttress their knowledge of evaluation methods.

Cost-effectiveness analysis and related methods usually conjure up fears, in some readers, of dealing both with obscure mathematical procedures and confusing concepts from economics and accounting. Not to worry. A number of formulae appear in the book, with the occasional sigma notation, but all are explained in simple language, and

examples use plain numbers. Most undergraduates can handle the mathematic operations described in this book.

Finally, let me note that up to this point I have addressed only the potential *effectiveness*, and possible *benefits*, of buying or borrowing this book. It would contradict the spirit of this book to ignore its cost. Here is the cost (at least in terms of money): \$32.95 paperback, \$64.94 hardcover, list, plus delivery (see Sage's web site, www.sagepub.com, and enter into the site's search field 'Levin' or 'McEwan'). And, as mentioned earlier, the presentation is lucid and the examples and math are not taxing. Personally, I consider *Cost-Effectiveness Analysis* (2nd ed.) by Levin and McEwan to be a cost-effective introduction to cost-related analyses, relative to many of the other available books on these topics. Furthermore, the pedagogical and other improvements in the text are more than marginal; they are major, and make the purchase of this second edition well 'worth it!' even if you have the first.

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