

Rapporteur's Notes for

Valuing Risk Reductions for Different Hazards

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The discussion began with the question, “Can we standardize methodologies across hazards?” This, however, led to the question, “What are the standard methodologies being employed by the different agencies?” The general consensus from this discussion was that the different agencies did employ different methods and that these differences needed to be identified before being able to conclude whether or not standardization was possible. Most people felt that, if possible, a single approach should be used by all the agencies to enable comparisons between policies.

Next, the group discussed how to begin this standardization process. It was noted that the OMB guidelines on cost-benefit analysis could be used as a starting point but that a needs assessment should be conducted to assess the differences in approaches between the agencies. This assessment could begin with the work that has already been done for this conference. This assessment would identify differences in approaches between agencies as well as the rationale for those differences. Then, an expert review panel would be beneficial to help resolve these differences and to make recommendations on the final methodology. It was suggested that epidemiologists also be involved in this process. Once the methodology was agreed upon, a multi-agency project to use this new methodology to actually measure consumers' willingness to pay to reduce certain risks would be beneficial to all the agencies, since no good measures seem to be currently available.

The final discussion went back to the first question about whether or not one would be able to standardize, given the way consumers view different types of hazards. Agreement was reached that willingness to pay (WTP) was the best approach to valuing these risk reductions. One suggestion was to create a single WTP function with a set of standard variables. For example, $WTP = f(\text{Dread, Unknown, Severity, Duration, Cost, Risk, etc.})$, but with a precise definition of each of the included variables and interpretation of terminology to reduce confusion. Some of these variables would be zero depending on the hazard. This seemed feasible but led to a discussion of what consumers were actually going to be asked to value. Should they be asked to value risk reductions in terms of the symptoms and sequellae caused by the hazards or in terms of the hazards themselves? There was some thought that certain hazards would have different WTP values than the sum of the WTP values of their associated symptoms. While a difference in the values would be easy enough to measure, which value would be the best value to use in a practical application? Moreover, if the difference was caused by misinformation, would it be best to better inform survey respondents before they answered any survey questions? Or are we then undervaluing the true societal benefits? If there is misinformation, could society simply benefit by better informing consumers in a general information campaign? These last few questions were left unresolved.