Concern about the cost of medical care in general, and the medicines in particular, are currently being expressed in public health care systems. There is a general focus on providing quality care within limited financial resources. Medicines consume substantial portion of health budget: three – four in out of pocket expenditure and 10 – 20% of health expenditure in public systems in our country. The cost of medicines is thus an important factor in the health care expenditure.

Once safety, efficacy and quality of medicines available in the market are established, it is the turn of cost of medicines that should be the determining factor for drug selection. A simple determination of price is inadequate for determining the actual cost of medicines for the health care system. The pharmacoeconomics provides a series of evaluating tools for assessing the medicines and their alternatives to select the most beneficial alternatives with minimum cost to the system.

In developed countries, there is one or other form of reimbursement of medicines expenditure. But very little such schemes are available in least income countries including India. The patients either pay from their pocket or the government pays for treatment in public health care systems. The economic evaluation of drug cost and therapy provides excellent opportunity to optimize the drug use and drug budget. Decision makers are increasingly dependent on clinical economic data to guide policy formulation and implementation.

The pharmacoeconomic tools are increasingly used in the science and art of preventing disease, prolonging life, promoting, protecting and improving health for all through the organized effort of the society. Pharmaceutical public health concerns in development of medicine policy, local treatment protocol, development of essential medicines’ list, medicine use review, and pharmacovigilance. The pharmacoeconomic tools, like cost minimization and cost effectiveness analysis, are handy in assessing medicines for suitability of using them in public health care systems. The use of pharmacoeconomic tools together with ABC and VEN analysis helps in ensuring optimize utilization of resources available in medicine management in public health.