A Retrospective Economic Analysis of the Ontario Red Fox Oral Rabies Vaccination Programme

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Impacts

- Economic analysis provides an additional tool to assist legislators and public officials in the decision making process with regard to rabies control programmes.
- This manuscript provides a framework for economic assessment of rabies control programmes and outlines multiple techniques for estimating benefits when uncertainty exists.
- Study findings provide support for large scale rabies control programmes and the analysis provides an explanation of intangible benefits that should additionally be considered.

Introduction

In 1979, the Ontario Ministry of Natural Resources (OMNR) embarked on an ambitious plan to control rabies in the province of Ontario. In previous years, Ontario had the dubious distinction of being the rabies capital of North America because of the consistently large numbers of human post-exposure treatment (PET) and domestic and companion animal rabies cases. Reasoning that the large numbers of cases came from Ontario wildlife, scientists working on rabies with the OMNR felt that wildlife vaccination was the most direct and cost-efficient way of reducing the effects of rabies in the Province (MacInnes et al., 2001; Nunan et al., 2002).

Work began on the development of an attractant and vaccine package that would withstand aerial delivery, and an aerial delivery system (Bachmann et al., 1990; MacInnes et al., 2001). In 1989, all aspects of the programme were ready and preliminary baiting in eastern Ontario was begun. Bolstered by initial successes, the programme was quickly increased to encompass the entire rabies endemic area of the province, which included all of southern Ontario as well as large urban areas such as greater metro Toronto (Rosatte et al.,...
2007). At its height, the programme delivered more than 2 million baits and had an annual budget of almost $7 million (Table 1).

A comprehensive analysis of PETs, animal rabies tests and indemnity payments for rabies-caused deaths of livestock in Ontario Province between 1989 and 2000 was performed to better quantify the OMNR ORV programme (Nunan et al., 2002). Numerous economic data have been used to characterize rabies-related impacts (Meltzer and Rupprecht, 1998a, b). Several ex post studies have quantified both rabies- and ORV-incurred costs (Uhiaa et al., 1992; Kreindel et al., 1998; Chang et al., 2002; Foroutan et al., 2002; Nunan et al., 2002; Shwiff et al., 2007, 2008; ) and additionally, two studies have modelled ORV economics using benefit-cost analysis (BCA) (Meltzer, 1996; Kemere et al., 2002). Costs of PETs have been used routinely as the single greatest rabies-induced expense to society (Meltzer and Rupprecht, 1998a; b). More recently, an ex post analysis of 5 years of rabies-related records for clinics and public health agencies in San Luis Obispo and Santa Barbara counties California estimated both direct and indirect costs of rabies (Shwiff et al., 2007).

We describe a comprehensive BCA of the OMNR ORV programme for Arctic variant rabies in the Ontario province from 1989 to 2000. Initially, an analysis of variance (ANOVA) examines the variables pre- and post-ORV to determine if there is a significant difference between the average level of PETs, animal rabies tests and indemnity payments before and after the initiation of the ORV programme (pre- versus post-ORV). It further provides an economic assessment of empirical costs and potential savings to the province associated with the ORV programme, as well as a sensitivity analysis to broaden the scope of the results of this analysis.

### Table 1. Total annual budget for the Ontario oral rabies vaccination programme in 2006 CAD (1989–2000)

<table>
<thead>
<tr>
<th>Year</th>
<th>ORV programme costs</th>
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<tr>
<td>1989</td>
<td>$4,955,110</td>
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<td>1990</td>
<td>$13,403,946</td>
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<tr>
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<td>$8,918,718</td>
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<td>$6,162,402</td>
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<td>$5,198,597</td>
</tr>
<tr>
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<td>$5,977,983</td>
</tr>
<tr>
<td>2000</td>
<td>$7,295,960</td>
</tr>
<tr>
<td>Total</td>
<td>$77,372,637</td>
</tr>
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</table>

### Materials and Methods

We gathered data on PET, animal rabies tests (AT) and indemnification (INDEM) from several sources (Figs 1–3) (Nunan et al., 2002). Data were available on the number of human PETs from 1959 to 2000, animals that tested positive from 1960 to 2000 and indemnity payments from 1979 to 2000. All of the data available for each variable were used when calculating the trend in the variables; however, when calculating the average cases during the pre- and post-ORV time periods, only data were used from 1979 to 1989 and 1990 to 2000, respectively. Information on costs of human PETs was unavailable, and therefore was estimated. The annual cost of the Rabies Indemnification Programme over the study period was obtained from the Ontario Ministry of Agriculture, Food and Rural Affairs. The Rabies Indemnification Programme provides reimbursements to ranchers whose livestock were lost to the disease. Information on the cost of all OMNR Rabies Research Unit activities, including all information regarding bait and delivery system development, including actual bait dropping, were obtained directly from the OMNR, Rabies Research Unit (Nunan et al., 2002).

The PET and AT time series were tested for a unit root and both were determined to be stationary. Both series have autocorrelation functions (ACF) that decay rapidly with t-values falling below the practical warning level of 1.6 after lag 2 for PET, and lag 3 for AT and INDEM. Therefore, forecasting methods were chosen that would be applicable to stationary time series. The data exhibit no seasonality with ACF t-values less than 1.3, the practical warning level for seasonal lengths. PET and AT both offered sufficient pre-intervention data justifying the application of standard stationary, non-seasonal time series techniques.

A cursory inspection of the data suggests that on average the pre-intervention period has a higher mean than the post-period. A quick way to determine this is to use an ANOVA to test the pre- versus post-levels of PET, AT and INDEM. A means equality test was performed based on a single-factor, between-subjects ANOVA. If the subgroups have the same mean, then the variability between the sample means (between groups) should be the same as the variability within any subgroup (within group). This type of analysis determines if the means of two groups differ. Expectations regarding the pre- versus post-ORV means of PET, AT and INDEM were that as a result of the OMNR ORV programme, the means in the post-ORV years were significantly lower than in the pre-ORV years. All data were analysed using the EVIEWS6 software program (Quantitative Micro Software, 1994).
Benefit-cost analysis is a common tool used by economists to evaluate government programmes and determine the efficiency of management efforts. In this BCA, the monetary benefits and costs of the OMNR ORV programme actions were identified and compared. Benefit-cost analysis is most often used when there are non-marketed goods and services to value, such as environmental goods. The service of protecting human health and safety from red fox rabies involves non-market items. To measure such values, a number of concepts and measurement techniques have been developed (Zerbe and Dively, 1994).

One accepted methodology to value non-market services is the damage-avoided method (King and Mazzotta, 2006). The damage-avoided method uses the value of human health and safety resources protected, in this case PETs, AT and INDEM, as a measure of the benefits
provided by the OMNR ORV programme (Boardman et al., 1996). Here, it was posited that the ORV programme contained and prevented the spread of this variant through the rest of the province and potentially to other parts of Canada. Conversely, if the OMNR were to cease the ORV programme, cases of the disease would likely increase and spread throughout the Province.

Benefit–cost analyses are typically performed prior to the actual start of the programme under study. As this was a retrospective study, the actual programme commencement preceded the BCA. Commonly, economic valuation of cost is more easily accomplished than valuation of benefit. This was true in the case of the OMNR ORV Programme in Ontario, as the benefits are enjoyed by many (the entire population of the province) and the costs are borne by only a few (the government). Because costs of all aspects of the ORV Programme were borne by the government, we determined that all benefits of the ORV Programme should accrue to the provincial budget as well, reducing the amount of data and the number of information sources that were necessary.

Benefits were largely driven by the expected savings from reduced costs associated with the burden of the disease. Benefits were the savings associated with the reduced number of human exposures, reduced number of animal tests and fewer indemnity payments. Costs were incurred for baits, air time, fuel, ground baiting, surveillance, project planning and evaluation.

Baiting began in 1989 and this year was included in the pre-ORV calculation of the average number of cases of PET, AT and INDEM because this initial year of baiting was unique. The vaccine did not actively protect the fox population in eastern Ontario until late in the year. Therefore, the pre-ORV time period includes 1979–1989 and the post-ORV period was from 1990 to 2000 when calculating the average number of cases for each variable. We constructed our BCA in terms of four different forecasting techniques to provide a range of estimates of future cases of PET, AT and indemnity payments, to attempt to reduce uncertainty about the magnitude of the impact we predict and the values we assign to them.

For this study, total benefits (TB) of the ORV programme were equal to the savings resulting from the ORV programme operation since 1989. Data indicate that as a result of initiation, PETs, AT and INDEM decreased. These decreases were seen as the benefits of the OMNR ORV programme.

The annual TB equal the PET costs, AT costs and INDEM saved,

\[ TB^y = PET_{\text{saved}}^y + AT_{\text{saved}}^y + INDEM_{\text{saved}}^y \]  

where \( y \) represents the year.

Three steps were necessary to determine the savings that resulted from the operation of the OMNR ORV programme. First, it was necessary to predict the number of cases that would have existed in the absence of the ORV programme, based on the data prior to the initiation. Second, the annual cost of each variable was determined by multiplying the number of predicted cases by the variable cost. Third, to determine overall savings, the observed level of each of the three variables in Equation 1 was subtracted from the estimated level. The determination of savings for each variable will be discussed in detail below.

To determine \( PET_{\text{saved}}^y \), the first step was to predict the number of cases that would have existed in the absence of the OMNR ORV programme (Fig. 1). To do this, we used four different forecasting techniques including a simple Box-Jenkins autoregressive (AR 1) model, a quadratic (QUAD) and two different linear regression (LINEAR 1 and LINEAR 2) estimates. For the LINEAR 1 estimate, we fit a linear regression to the pre-ORV period (≤1989) and then forecasted that trend into the post-ORV period (1990–2000). For the LINEAR 2 estimate, we again fit a linear regression however this estimate omitted the peak in the data at 1986, which makes the slope of LINEAR 1 > LINEAR 2. The linear fit in the pre-ORV period suggests that on average the annual number of fox rabies related PET cases were increasing each year. We assumed that this fit in the post-ORV period indicates the number of cases that would have occurred if the ORV programme had never existed.

The difference between the predicted (\( PET^y \)) and actual (\( PET_{\text{actual}}^y \)) PETs represents the savings resulting from the ORV programme. Therefore,

\[ PET_{\text{saved}}^y = (PET^y - PET_{\text{actual}}^y)PET_{\text{costs}}. \]

We estimated \( PET_{\text{cost}} \) from correspondence with personnel involved in providing the vaccine. Values for a single PET varied between $2500 in Pennsylvania (MacInnes et al., 2001) and $1500–2500 USD ($1770–$2950 CAD) for the entire United States (C. Rupprecht, personal communication). Shwiff et al. (2007) determined that PET (PEP) costs were $2540 USD or approximately $3000 CAD in 2006 dollars. In Canada, as of January 2004, the cost of the biologics used in rabies PET was approximately $1021 ($1108 2006 CAD) (D. Middleton, personal communication). We felt that a value between the United States and the Canadian estimates more closely represented the actual amount paid for PET in Ontario, and we used an estimate of $1750 in 2006 CAD.

In addition to direct cost of a rabid animal exposure, indirect costs should be considered. Although the direct costs include the vaccine and other biologics, indirect costs refer to things like over-the-counter medicines,
travel to physicians and lost time from work associated with treatment. Indirect costs have been estimated to compose approximately one-third of the TC associated with a rabid animal exposure (Shwiff et al., 2007). However, only direct costs were included.

The calculation of savings related to AT were similar to PET. The number of positive animals represents only a fraction of the costs that were incurred to test animals suspected of having rabies. The number of animals that tested negative for rabies was not available for this study, so the approximate total number of animals tested had to be derived. A study by Shwiff et al. (2007) found that over a 10-year period (1991–2000) in California approximately 1 in every 5.27 skunks tested were rabies positive. Extrapolating this proportion to Canada was most likely conservative because in some years during the 1980s at the height of the rabies enzootic, 15 000 to 25 000 rabies investigations involving public health officials were carried out annually (Nunan et al., 2002). The cost information for testing animals for rabies was based upon indications from the Ontario Ministry of Health that placed the costs at $650 per test. This value was consistent with the findings of the Shwiff et al.’s (2007) study.

Calculation of the AT_savings portion of Equation 1 involves an equation similar to Equation 2, with the exception that animals testing negative must be included. This calculation was accomplished through a scalar (5.27 as mentioned above), producing an estimate of the total number of animals tested (Fig. 2). Therefore,

\[
\text{AT}^p_{\text{savings}} = \left( \frac{\hat{\text{AT}}^p - \text{AT}^p_{\text{actual}}}{5.27} \right) \text{AT}_\text{costs}
\]

represents the savings associated with the reduction in the total number of animals tested for rabies.

Indemnity payments were the last portion of the benefits equation included. These payments began in 1979, reached a peak in 1987 and then slowly declined after 1995, likely because of the initiation of the OMNR ORV programme in 1989. As with the PET and AT, it was necessary to predict the number of cases (or payment volume) that would have existed in the absence of the ORV programme (Fig. 3). The pre-intervention data for INDEM were limited, making the use of standard time series techniques problematic. This caused a modification of some of the four forecasting techniques used including, a naive forecasting method which simply repeated the data set over the forecast range (REPEAT 1) instead of an AR 1 model and the linear regression of REPEAT 1 as the estimate for LINEAR 2. The QUAD and LINEAR 1 estimates were conducted using the same methodology as in PET and AT.

The methods described above were employed to make the projections, with the exception of the cost variable. The equation used to calculate indemnity was:

\[
\text{INDEM}^p_{\text{saved}} = (\text{INDEM}^p - \text{INDEM}^p_{\text{actual}}).
\]

Estimation of all three of the components of Equation 1 permits the determination of TB.

\[
\text{AT}^p_{\text{savings}} = \left( \frac{\hat{\text{AT}}^p - \text{AT}^p_{\text{actual}}}{5.27} \right) \text{AT}_\text{costs}
\]

\[
\text{INDEM}^p_{\text{saved}} = (\text{INDEM}^p - \text{INDEM}^p_{\text{actual}}).
\]
Benefits were estimated using four different forecasting techniques, including a simple Box-Jenkins autoregressive (a repeat model for INDEM), a quadratic and two different linear regressions, and are presented in Table 2. These estimated benefits were calculated over the study period and range from $35,486,316 to $98,413,217. The per cent of the total that PET, AT and INDEM savings represent vary depending upon the forecasting method used. For all methods, INDEM made up a minor amount of the total savings (≤5%). For the AR 1/Repeat method, PET made up the majority of the TB whereas for all of the other methods benefits associated with reduced AT costs were the largest component of the total.

We calculated the BCRs by summing the savings to PET, AT and INDEM resulting from the initiation of the OMNR ORV programme and comparing them to the annual costs (Table 3). Overall programme economic efficiency (BCR > 1.0) was achieved in three of the four forecasting estimates. The only forecasting methodology that did not yield economic efficiency was the AR1 estimate which was also the most conservative. This was not surprising because this estimation methodology weights the most recent observations higher than past observations meaning that the upward trend in the data until 1986 was weighted less than the downward trend from 1987 to 1989, which gave an overall downward trend to the predicted future values from 1990 to 2000 (Enders, 1995).

In the early years of baiting, under the Linear 1, 2 and Quadratic estimates the BCRs in 1990–1992 (1993 for Linear 2) were less than 1.0 (although increasing), meaning that the benefits experienced through savings, were not large enough to justify baiting in those years. Because of the lag time of the PET savings, the true savings were not seen until later years, as represented by BCRs greater than 1.0 from 1993 to 2000. For example, the BCRs under these three scenarios peaked in 1998 at greater than 2, when the benefits to society were over twice the cost of the OMNR ORV programme. The overall BCRs, since the

These results confirm that in comparison to the pre-ORV period, the post-ORV period saw lower rates of human PET, AT and indemnity payments on average (Fig. S2). The results of the BCA will determine if this reduction produces enough savings to justify the costs and establish economic efficiency for the whole ORV programme.

The results for the ANOVA confirm expectations regarding the initiation of the ORV programme in 1989. The results (mean ± SE) indicate that for human PET there was a statistical difference at the 5% level in the pre- (2248 ± 258) and post-ORV (1468 ± 173) periods (P = 0.0207) (Fig. S1). The results for AT indicate that at the 1% level, there was a difference in the pre- (1861 ± 164) and post-ORV (637 ± 182) periods (P = 0.0001) (Fig. S1). Finally, for indemnity payments,
Three of the four forecasting techniques indicated an upward trend to the data. The AR1 process, however, indicated an overall decrease in the number of future cases given the most recent trends in the data, which, contrary to the other techniques, does not equally weight all of the observations, instead more weight is given to the most recent observations. The two linear regressions and the quadratic estimates indicated that the OMNR ORV programme was successful, based on the reductions in PETs, AT and INDEM (Hauschildt et al., 2001; MacInnes et al., 2001; Nunan et al., 2002). Additionally, based on assumptions, results show that the OMNR ORV programme was cost efficient under these three estimates, which yielded an overall programme BCR greater than 1. As expected, the first 2 years of the study were not cost effective, because bait distribution techniques were still being developed and only a portion of the rabies endemic areas were baited. Obviously, removing the two initial years from the analysis would increase the overall BCRs and would result in greater programme efficiency. The results of these three scenarios confirm the cost effectiveness of a limited regional use of an ORV strategy involving canids. Although MacInnes et al. (2001) reported success of this strategy to eliminate arctic-fox-(*Alopex lagopus*)-variant rabies from red fox vectors in southern Ontario Province, Canada, they provided no economic data for their programme. But, economics can often be the basis for the justification and the rationale of such programmes.

Each forecasting method is not intended to suggest that these trends will continue ad infinitum, but rather over the short-term to 2000. Additionally, no suggestion is made regarding which technique provides the ‘best’ fit for forecasting the data. All forecasting techniques have limitations. Therefore, multiple estimations of future potential trends in the data were projected to provide an array of possible future scenarios to minimize the uncertainty surrounding the projection of overall results.

It has been argued that disease epizootics are cyclical in that a population of sick animals increases for a period of time and then dissipates as die off occurs (MacInnes et al., 2001). Upon examining this data set, cyclical trends

| Table 2. Benefits of the Ontario oral rabies vaccination programme in 2006 CAD (1990–2000) |
|-----------------------------------------------|-----------------|-----------------|-----------------|
| Forecasting Method | PET Benefits | % of total | AT Benefits | % of total | INDEM Benefits | % of total | Total programme benefits |
| AR1/Repeat | $33,076,217 | 93 | $1,173,970 | 3 | $1,236,129 | 3 | $35,486,316 |
| Linear 1 | $25,602,933 | 26 | $67,065,367 | 68 | $5,240,224 | 5 | $97,908,524 |
| Linear 2 | $14,920,880 | 19 | $60,729,267 | 79 | $1,329,842 | 2 | $76,979,988 |
| Quadratic | $45,943,491 | 47 | $50,365,786 | 51 | $2,103,940 | 2 | $98,413,217 |

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<tr>
<td>Year</td>
<td>BCRs</td>
<td>AR1/Repeat</td>
<td>Linear 1</td>
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<tr>
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<td>Average</td>
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<td>1.27</td>
<td>1.06</td>
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appear in the PET and INDEM data but were not present in the data for AT. For PET, the cycle was approximately every 19–20 years, whereas for INDEM every 5–6 years. Interestingly, in both cases (PET and INDEM), the overall average of the number of animals involved in a ‘cycle’ was increasing suggesting that overtime each ‘cycle’ involves more animals, which was consistent with the three upward trending forecasts and inconsistent with the ARI forecast.

The inclusion of more comprehensive rabies-caused cost impacts (i.e. pet vaccinations, livestock vaccinations, rabies educational programmes, human deaths, pet replacements, etc.) as sources of potential benefits would undoubtedly have increased the projected OMNR ORV programme benefits substantially. For example, Uhaa et al. (1992) reported 20% increased pet vaccinations occurred in the New Jersey epizootic of raccoon rabies as ‘once-negligent’ pet owners rushed to protect their pets from the disease outbreak. Intangible benefits also exist as a result of the OMNR ORV programme, but were difficult to quantify monetarily. These benefits include increased quality of life for the residents of the baited areas. There is a certain level of perceived risk of infection experienced by individuals living in a rabies epizootic region. Actual probability of death resulting from infection by the fox variant of rabies may be low; however, if perceptions of risk is high, individuals receive a benefit from a perceived reduction in the probability that they will be infected with rabies. The recognition of all benefits when a government action is undertaken is vital to determining the total value, but cannot necessarily be included in the monetary calculations. Pet and livestock vaccinations, potential loss of human life and intangible benefits were outside the scope of this study and as a result, these potential benefits were excluded. The omission of these costs decreased the total estimated benefits, potentially making the BCRs more conservative.

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References


### Supporting Information

Additional Supporting Information may be found in the online version of this article:

**Figure S1.** ANOVA results for PET and AT cases pre- and post-ORV.

**Figure S2.** ANOVA results for indemnity payments pre- and post-ORV.

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