

Health Economics Basics

The structure of economic knowledge

- 1. Economic theory**
- 2. Sectoral economic sciences (health economics)**
- 3. Applied economics (planning in health, health financing, management, and marketing in health care)**
- 4. At the intersection of economic sciences (economic statistics, commercial law)**

*"... Health is becoming increasingly
valuable factor, and disease
control costs more expensive"*

1969. Copenhagen

WHO Workshop

ORIGINS OF HEALTH CRISIS

- **Remaining health financing principle;**
- **The state monopoly in health care;**
- **The extensive road development of public health;**
- **Lack of economic management in healthcare;**

Health Systems Models

- **- Predominantly state (budget) - Britain, Denmark, Italy, Greece, Spain, Portugal;**
- **- Mixed - budget and insurance system - in most European countries (Germany, France, the Netherlands, Austria), Canada, Japan;**
- **- Mostly private (commercial) - USA**

Health Systems Models

- Russian Health Care Model: budget and insurance

Sources of health care financing in the Russian Federation

- Main:

- The budget;
- compulsory health insurance funds

- Additional :

- paid services;
- Economic agreements;
- Donations;
- Income from securities;
- Donate space for rent;
- Other sources not prohibited by law

Sources of health care financing in the Russian Federation

- Government programs:
 - The priority national project "Health" 209.1 billion rubles.. (2006-2007)
 - Healthcare modernization program 460 billion rubles.. (2011-2013)

The ideology of health systems formation

- **health systems models are based on the source of funding and the formation of the medical services market**

Terminology

- **Market**
- **Marketing - a special approach to the management of production and sale of goods and services in a market economy**
- (To produce what the buyer is required)
- **Medical service is a commodity**

Specific features of medical goods

- **1. intangibility;**
- **2. inseparability from the manufacturer;**
- **3. is not possible to prepare for the future;**
- **4. no possibility of return;**
- **5. the quality of impermanence**

- **«Health Economics** – branch of science that studies the place of health and the relationship with the overall system development and economic planning. Also in the spotlight methods for finding and using resources and health care provisions. Science evaluates the effectiveness of measures to protect public health and their impact on changes in the production of social product by improving the health status of the people».

Average volumes of health care financing

- **USA** 11,2-14%
- **France, Canada** 8,6%
- **Germany** 8,2%
- **England** 6,1%
- **USSR** 2-4%
- **Russian Federation** 0,39-3,4%

**Optimally, 6-8% of Gross domestic product
(WHO experts estimates)**

- **PURPOSE OF HEALTH ECONOMICS** – to achieve the maximum satisfaction of population requirements in health care at reasonable cost of material and financial spendings.

- **SUBJECT OF HEALTH ECONOMICS** – how to develop the most efficient recruitment and use of health care resources to achieve specific objectives in the health of the entire population.

DIRECTIONS OF THE ECONOMIC HEALTH CARE DEVELOPMENT :

- 1) Health care effectiveness**
- 2) Economy of health care**

HEALTH CARE **EFFICIENCY**

- **Medical** (incidence, "health index");
- **Social** (life expectancy, decrease morbidity, disability);
- **The economic** (growth of labor productivity, the increase in national income).

HEALTH SAVINGS

(Economy)

- 1. The cost of medical service**
- 2. The total economic damage**
- 3. Prevented economic damage**
- 4. The coefficient of economic efficiency.**

The cost of medical service

- **A) cost of outpatient care;**
- **Б) the cost of hospital care;**
- **В) the cost of sanatorium care.**

STRUCTURE OF GENERAL ECONOMIC DAMAGE:

- 1. Payments temporary disability benefits.**
- 2. Loss value of not created product due to the decrease in the number of work days.**
- 3. Payment of disability benefits.**
- 4. loss of value not created product due to the decrease in the number of working**
- 5. Losses in connection with the death of the patient (the cost is not created products, payment of the funeral benefit).**
- 6. The costs of treating patients.**

- *Criteria of economic efficiency* =
- **the ratio of economic damage prevention to the cost of medical care.**