



Introduction to



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Health Care Economics

اقتصاديات الرعاية الصحية

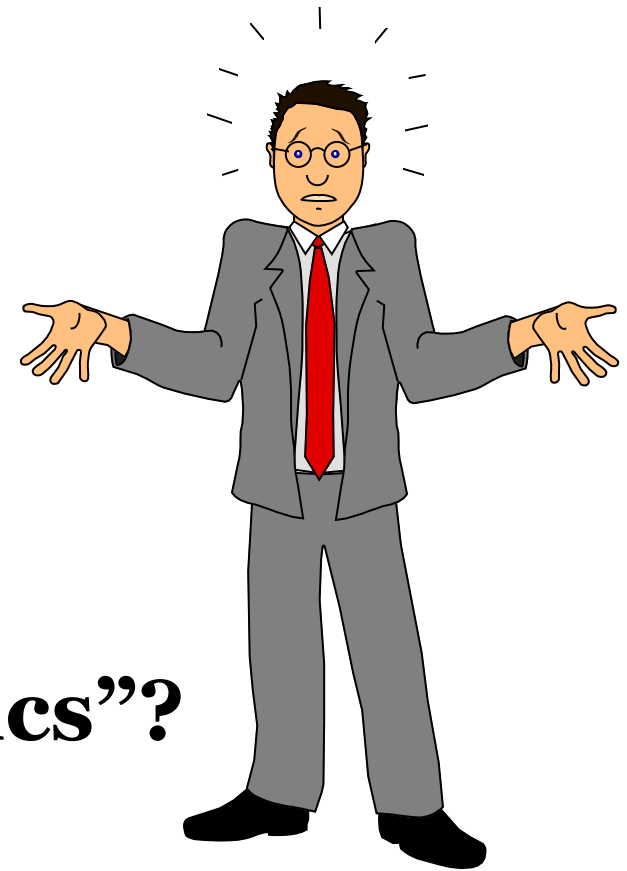
Introduction and Purpose

This course:

- Describes the **scope of health economics** and its key information resources.
- Explain some **important terms** used in health and **health economics** .
- Highlights the **sources and characteristics of health, disease, factors affecting health and health care financing** .
- Highlights the **types and sources of health care**.
- Answer the question: why it is important to study health economics .
- Explain methods of **payments to health care and health care providers**.
- Outlines issues relating to the quality of **health economic evaluation** methods.

Outlines

- ❖ **What is economics?**
- ❖ **What is “Health”?**
- ❖ **What is “Health Economics”?**
- ❖ **Why Health Economics?????**

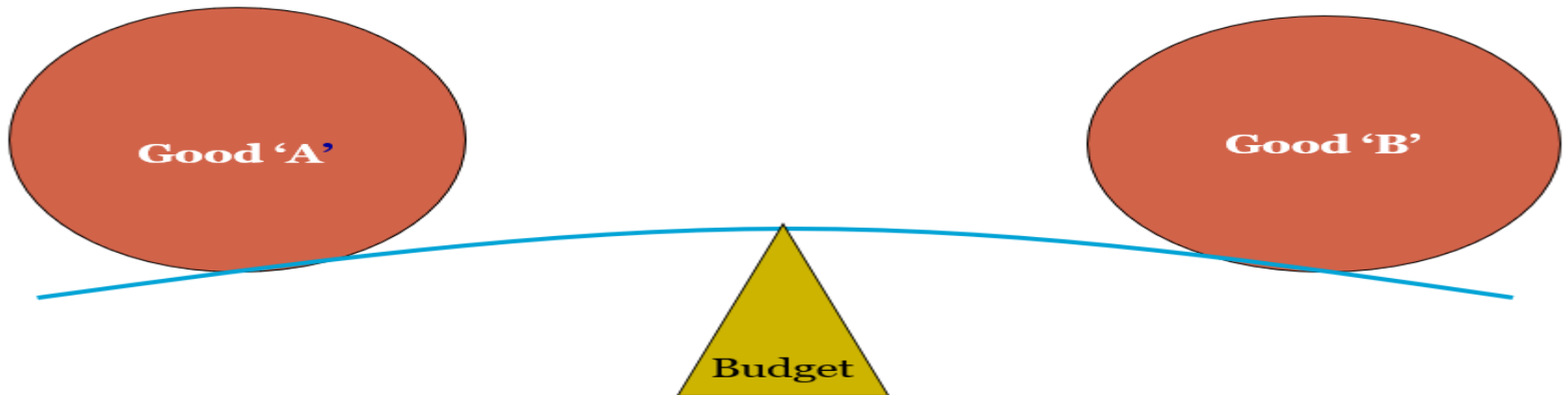


Economics is about

- Limited **resources**
- Unlimited “**wants**”
- *Choosing* between which ‘**wants**’ we can ‘**afford**’ given our resource ‘**budget**’



Economics is about choice



Economics is about ...

Resources

The basic inputs to production –

- **Time.**
- **Money**
- **Human resources** (health care providers).
- **Equipments:** gloves, Syringes, masks, laboratory materials and instruments, x-ray, ECG, etc....
- **Infrastructure,** buildings
- **Transport**

The discipline of **economics** is founded on the premise that **there will never be enough resources to completely satisfy human desires**, referred to by economists as **scarcity**. ندرة



***Economics* is the study of how society manages its scarce resources**

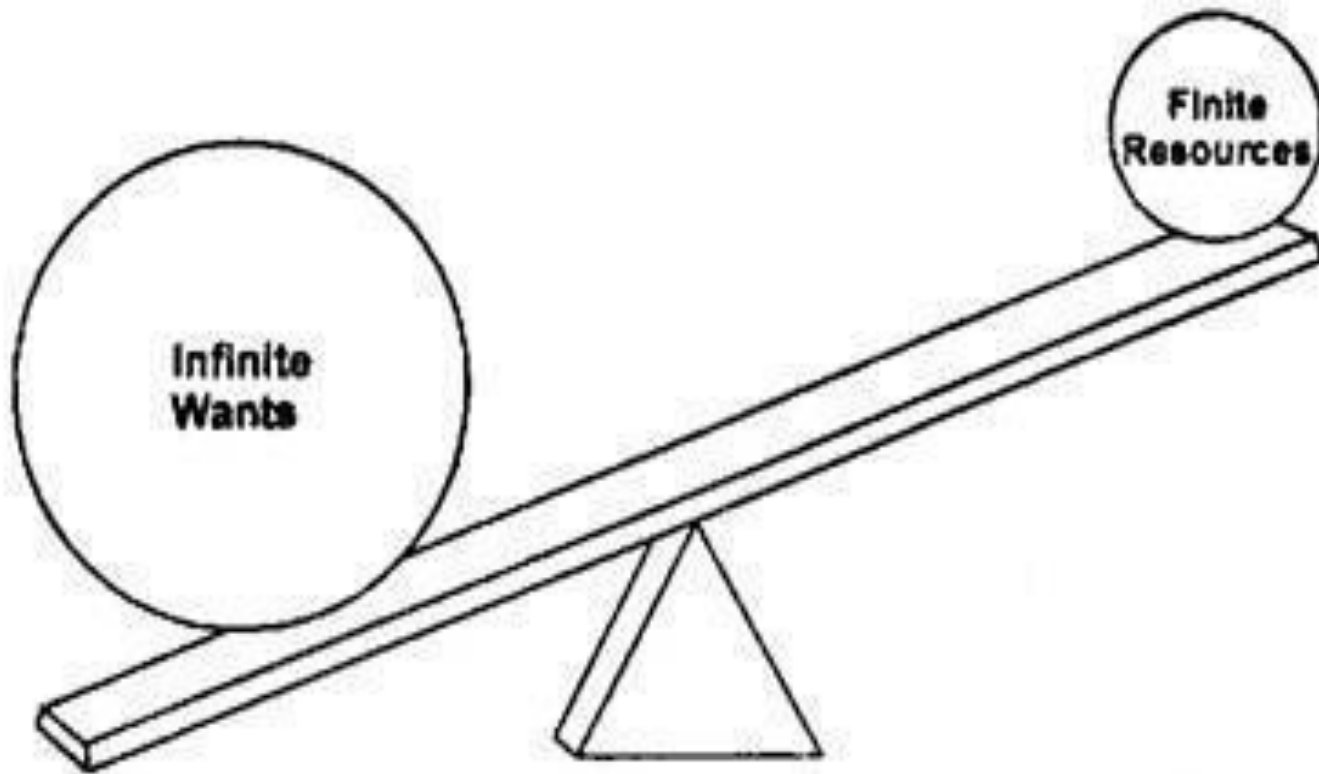


Fig. 1.1: The economic problem: finite resources and infinite wants

As individuals we are constantly making choices as to how we allocate our time, into which activities we channel our energies and on what we spend our available funds. In other words, we are **making choices**

Which one will you choose ?!!!!!!!!!!!!!!



These sacrifices التضحيات are referred to as opportunity cost. تكلفة الفرصة.

Their very existence provides a rationale for economists to take an interest in all resources that are used, whether by individuals, governments, the health service or society, regardless of whether or not money is paid for them, in order to achieve the maximum benefit for society.

Scarcity الندرة

- Scarcity means that all resources are limited
- Our world is finite, so everything is scarce by criterion
- There is NO known resource that is not limited
- Land, labour, water, capital, hospital beds, all are limited

- If the goods that go into the production process (raw material, labour, land) are called **inputs**, and the goods that come out of the production process are called **outputs**

The economy's
resources are all

**INPUTS and
OUTPUTS**

- Scarcity of goods in an economy can be traced back to a scarcity of means for producing them
- E.g; **scarcity of health services** would be no problem if building hospitals, health personnel, were all free goods

- **Scarcity** is not the same as a **shortage** النقص

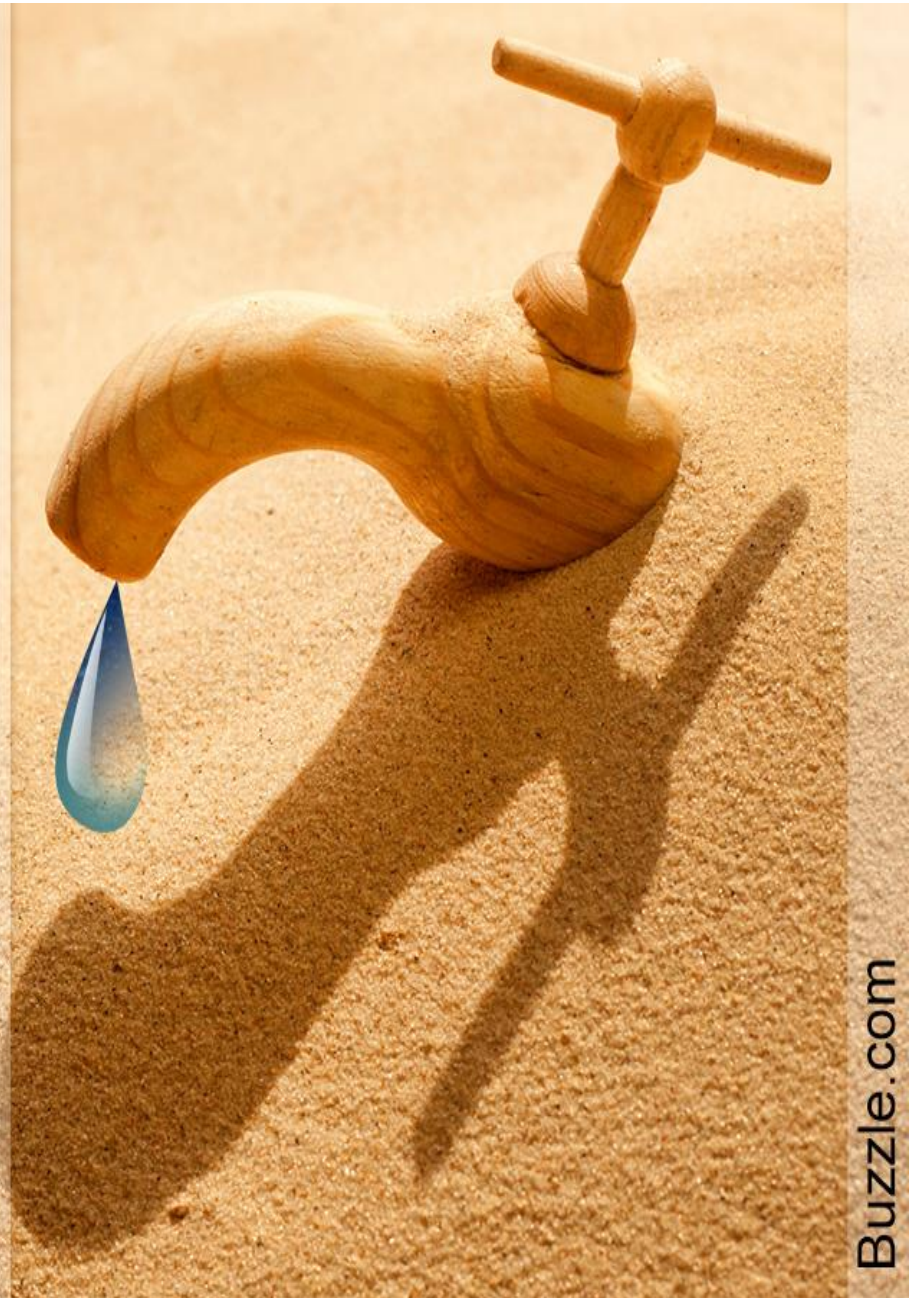
Shortage means that the amount supplied is less than the amount demanded

SCARCITY

of a resource implies natural limitation in the availability of a resource, whereas

SHORTAGE

means temporary and man-made unavailability.



Economics is concerned with...

-Costs (resource use)

-Benefits

-Choice

-Efficiency.

-Effectiveness.

Efficiency	Effectiveness
Means optimal use & application of available resources.	Means to what extent the defined objectives are achieved.

The simplest idea about efficiency is often referred to as efficiency savings, where **output is expected** to be maintained, while at the same time **making cost reductions**, or where **additional output** is generated with the **same level of inputs**.

This type of efficiency has been referred to as technical efficiency or operational efficiency, but also as **cost-effectiveness**

In order to determine whether and how certain services should be provided, and in order to **establish priorities, allocative efficiency كفاءة التوزيع** must be used.

It represents a situation where no input and no output can be transferred so as to make someone better off without at the same time making someone else worse off.

This situation is called **Pareto-efficient**

Pareto efficiency is **important** because it provides a weak but widely accepted standard for comparing economic outcomes.

A policy or action that makes at least one person better off without hurting anyone is called a **Pareto improvement**

WHAT IS ECONOMICS?

- ❖ Economics is the science of **scarcity**.
- ❖ It analyses how **choices are structured** and prioritized to maximize **welfare within constrained (limited) resources**.
- ❖ Economics is the study of **distribution of scarce (inadequate) resources** commonly known as goods and services across a population.
- ❖ The discipline of economics deals with **use of scarce resources to satisfy human wants and needs** how best to use the resources available.

What is health economics??

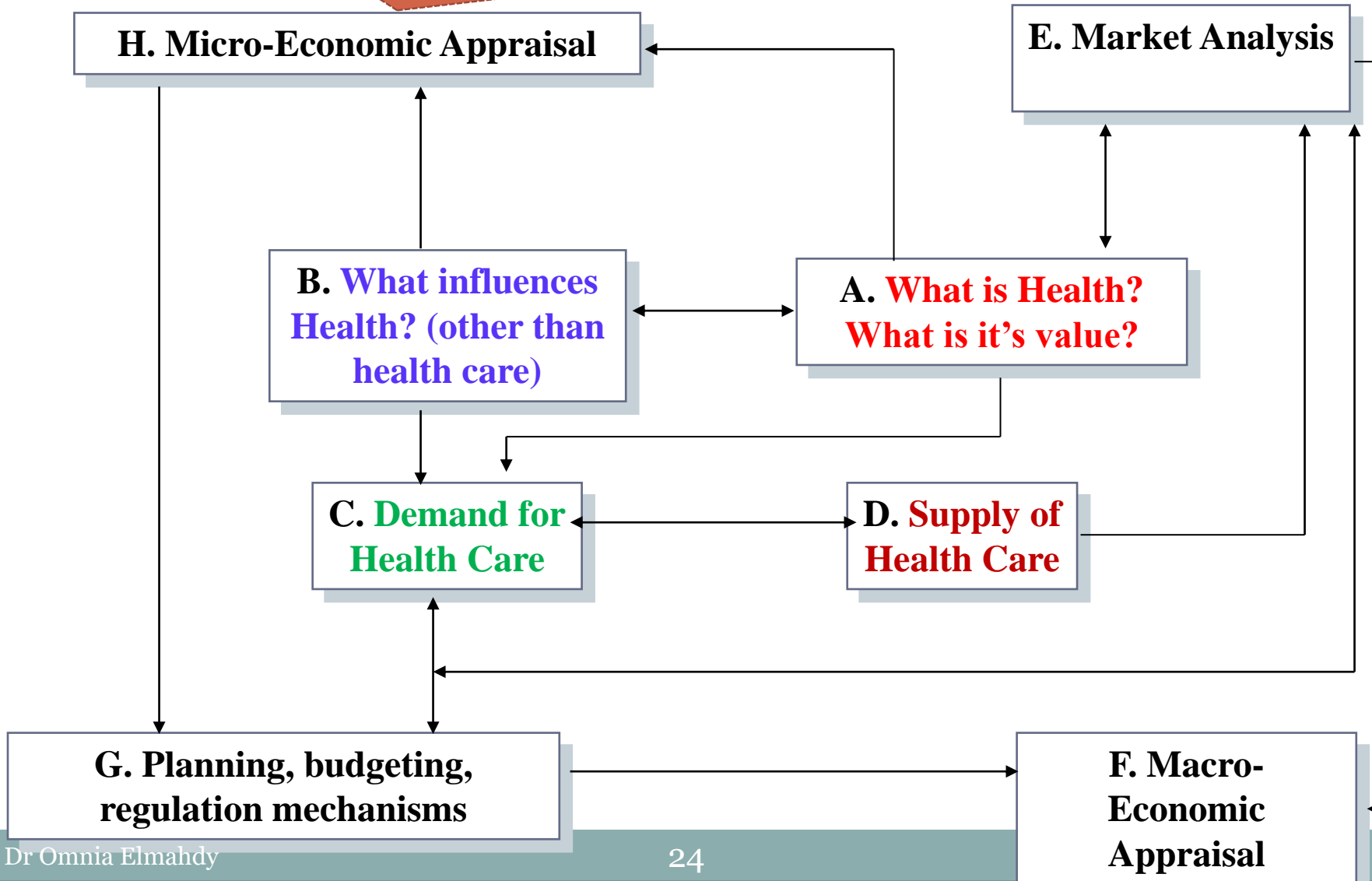
Health economics is a branch of **economics** concerned with issues related to **efficiency, effectiveness, value** and **behavior** in the production and consumption of **health*** and **health care***.

In broad terms, health economists **study the functioning of the health care systems** as well as **health-affecting behaviors** such as smoking.

Microeconomics and Macroeconomics

- **Microeconomics** focuses on the individual parts of the economy.
- **Macroeconomics** looks at the economy as a whole.
 - **Economy-wide** phenomena, including inflation, unemployment, and economic growth التضخم والبطالة والنمو الاقتصادي

Health economics 'map'



HEALTH

- **Health means a state of complete physical, mental & social wellbeing and not merely absence of disease or infirmity.**



Physical health

- All the body systems are properly functioning in harmony

Mental health

- Related to psychological & emotional health

Social health

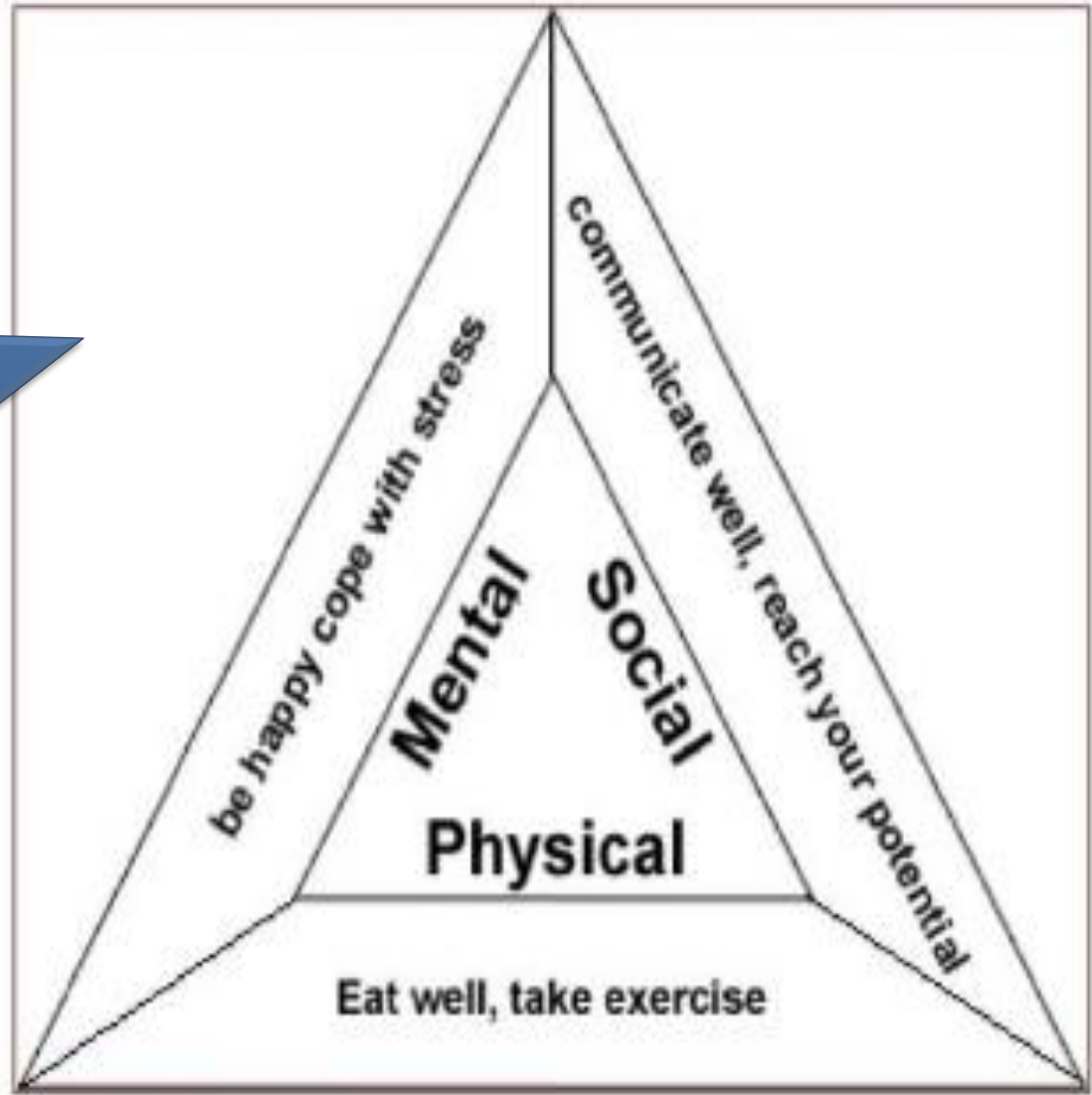
- The ability of the person to live and react in harmony & to adjust within a social network

Spiritual health

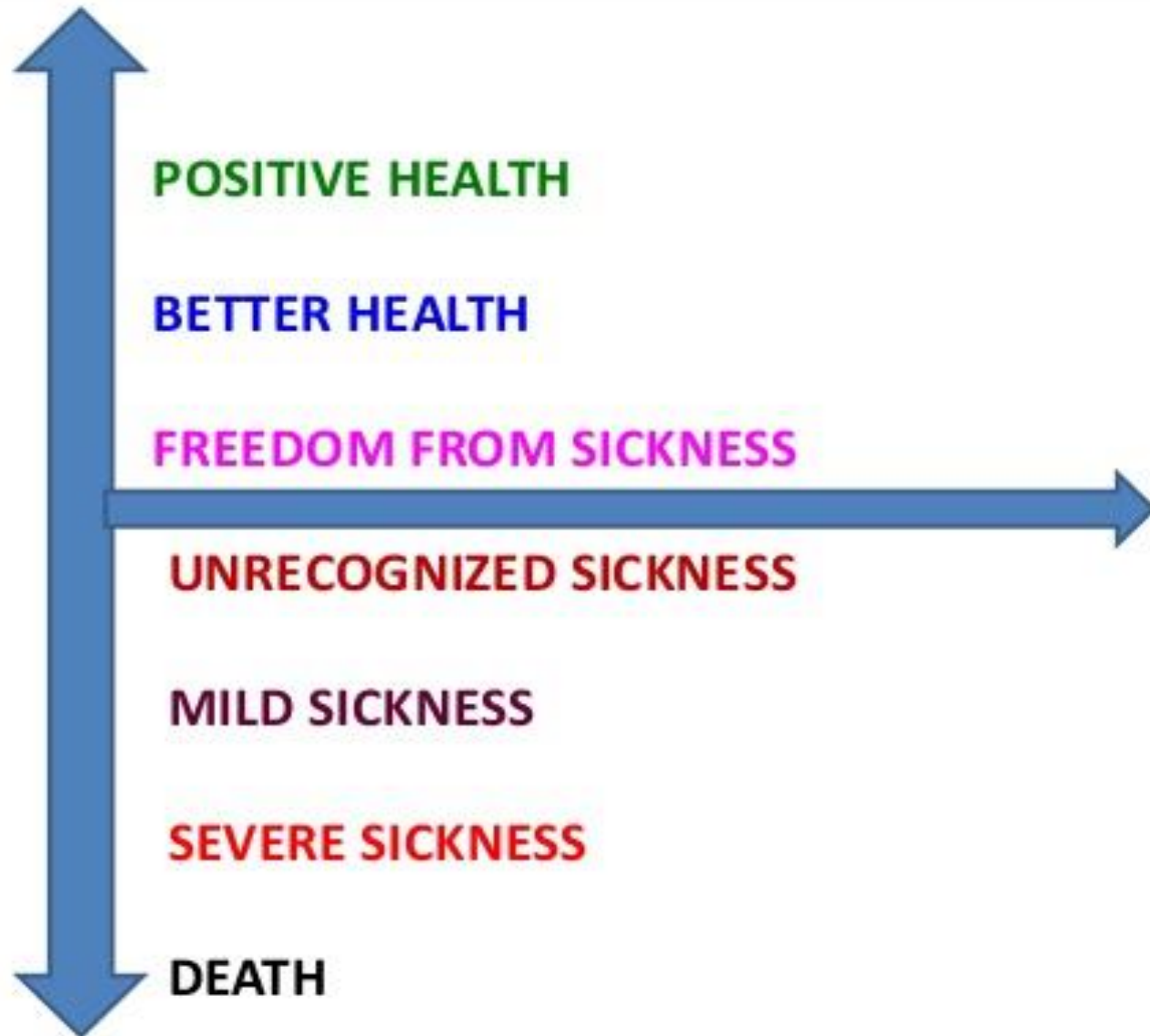
- Refers to personal integrity, principles and ethics.

So, Health is a sound mind, in a sound body, in a sound family, in a sound environment.

The
Heath
Triangle



SPECTRUM OF HEALTH



Signs of Good Health

what are signs of good

- **Physical health—no disease**
- Social health
- Mental health

Signs of Good Health

B. Social health

A person with good social health –

- **gets along well with people around**
- **has pleasant manners**
- **helps others**
- **fulfills responsibility towards others**

C. Mental health

Mental health implies -

- **control on emotions**
- **sensitive to the needs of others**
- **confidence in one's own abilities**
- **freedom from unnecessary tensions, anxieties and worries**

Disease: Failure of the adaptive mechanism of an organ in human body to counteract (react or work against) the stimuli and stresses to which it is exposed, resulting in abnormal structure and function of one or more parts of the body.

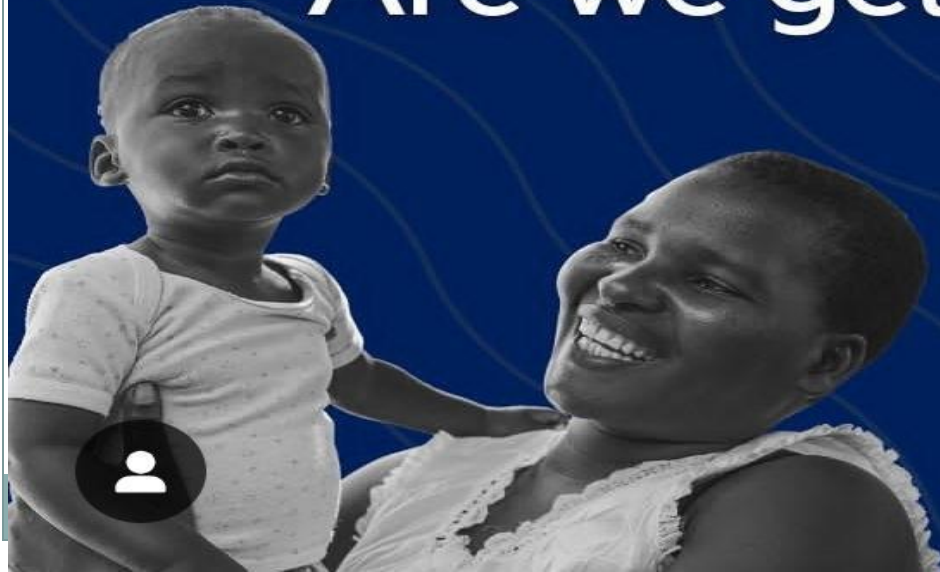
Health for all :

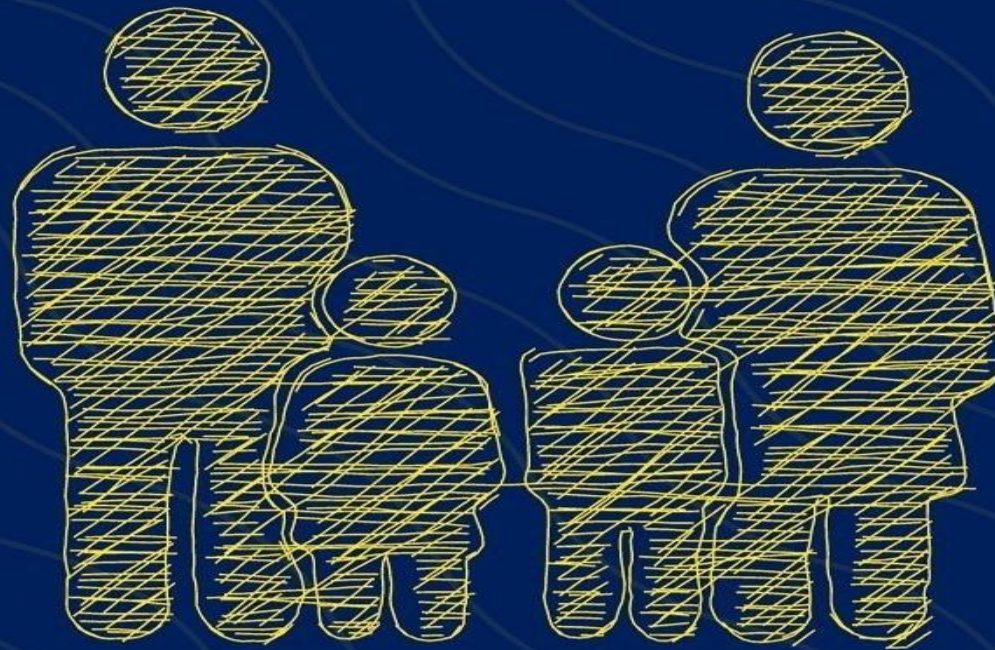
Attainment (achievement) of a level of health that will enable every individual lead a socially and economically productive.



HEALTH FOR ALL

Are we getting there?





In 2021, about **4.5 billion people** were not fully covered by essential health services



Around 1.3 billion people
faced poverty because of unaffordable
healthcare costs

ALMA ATA DECLARATION (1978)

- ❑ The **Declaration of Alma-Ata** was adopted at the International Conference on Primary Health Care (PHC), Kazakhstan 1978.
- ❑ It expressed the need for urgent action by all governments, all health and development workers, and the world community to **protect and promote the health of all people.**
- ❑ It was the first international declaration underlining the **importance of primary health care.**

- ❑ The primary health care approach has since then been accepted by member countries of the World Health Organization (WHO) as the key to achieving the goal of "[Health For All](#)" but only in developing countries at first. This applied to all other countries five years later.
- ❑ It consider health as a [human right](#).



There are 2 types of nations or countries

Developing countries:

- High crude birth rate (20-40 /1000)
- High infant mortality rate
- high percentage of children <15 yrs
- low percentage of elderly people >65 yrs
- Short life expectancy

Developed countries

- Low crude birth rate (<10/1000)
- Low infant mortality rate
- low percentage of children <15 yrs
- high percentage of elderly people >65 yrs
- Long life expectancy