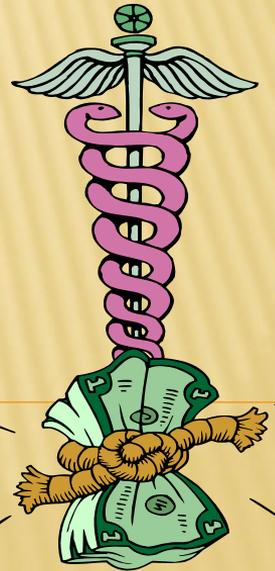


# HEALTH ECONOMICS

Post graduate course 2025

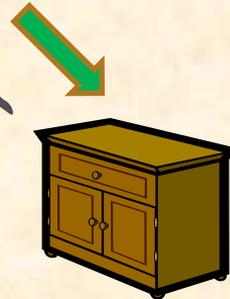


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# What is Economics?



# ECONOMICS



- ✘ Study of human behavior in relation with scarce means having alternative uses.
- ✘ It is a human science concerned with production & efficient use of resources (No **macroeconomics**).

**Health economics** : economics concerned with

- ✘ issues related to efficiency, effectiveness, value and behavior in the production and consumption of health and health care.
- ✘ study the functioning of the health care systems as well as health-affecting behaviors.

# HEALTH SERVICES & CARE



## ✘ Health care:

- + Promotion
- + Protection
- + Curative (Medical care)
- + Rehabilitation

✘ Health services: activities aiming health care

services



# WHY DO WE STUDY HEALTH ECONOMICS?



**Health  
Economics**

**Community  
analysis**

**Income,  
poverty**

**Needs,  
resources**

**Health  
Planning**

**Funds,  
constraints**

**Budget, costs,  
grants**

**Health  
system**

**Macro-  
economics**

**Efficiency,  
affordability**



# CLASSIFICATION OF ECONOMICS



**Microeconomics:** *اقتصاد جزئي* Study of consumer & producer decisions, cost & utilization, economic behavior of firms & industries, analysis of market.

**Macroeconomics:** *اقتصاد كلي* Study of entire economy, forces determining National income, employment vol.

**Development economics:** Economic growth factors

**Specialized fields:** Money and banking, international trade, agricultural & industrial economics, health economics (1963 by Kenneth Arrow) studies resource allocation to & within health economy.

# HEALTH ECONOMICS SCOPES



# MICROECONOMICS



**People**  
*Producer/  
Consumer*

Capital  
& labor



**Firms**

*Supply / Demand*

Products



# ***DISTINCTIVE ASPECTS***

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- × ***Bilateral Uncertainty***: Consumers unsure of health needs. Physicians uncertain about outcome.
- × ***Gov role***: licensure, subsidize services (elderly, poor, military, disabled, preventive, emergency).
- × ***Third party***: *Drs facilitate purchase. Consumers buy insurance against uncertainty (paid by third party).*

# ***DISTINCTIVE ASPECTS (CONT)***



- × ***Knowledge disparity***: Providers knowledge power, giving information & service (conflicting interests).
- × ***External behavior***: Imposing cost or creating benefit for others (**getting flu shot, sewage control, EPI, beauty business, breast implant, drunk driving**).
- × ***Health insurance***: uncertainty guard, purchased by consumers, paid indirectly. Changes demand

# ***DISTINCTIVE ASPECTS (CONT)***



- × ***Large role of non-profit firms:*** as many hospitals, insurers, nursing homes whose behavior differ from the for-profit firms
- × ***Restrictions on competition:*** licensure requirements for providers, advertising restrictions, ethical standards
- × ***Role of equity & need:*** people ought to get needed health care regardless of affordability

# PRACTICAL : HEALTH ECONOMICS DISTINCTIVE ASPECTS?



PIP French firm provided 400,000 women in 65 countries with faulty non-medical silicone implants.

- 7500 ruptured in France only (2010)
- 3000 € compensation/woman, may ↑ to 16,000 €
- 40,000 total replacements
- Company estimated to loose 6bn €

✘ ***Bilateral Uncertainty - Gov role - Third party - Knowledge disparity - External behavior - Health insurance - Restrictions on competition - Role of equity & need - Large role of nonprofit firms***

# PRACTICAL



The output of health sector makes a substantial contribution to the economy.  
How?

**Better workers' health would lead to:**

- ✘ Reduced absenteeism rates
- ✘ Increased output/worker on the job

# PRACTICAL

# ECONOMICAL CAUSES OF DEATHS?



Eight storey clothes factory collapse in Dhaka on 3400 workers killing 1000 in April 2013

- ✘ Building designed for offices, 3 storeys added
- ✘ Cracks noticed with no action
- ✘ Collapse by vibration of generators & machines
- ✘ Giant lifting machines were not available
- ✘ Holes made for water bottles & O2 pipes
- ✘ Cutting metals caused explosion & fire



**TODAY WE HAVE HIGHER INCOMES,  
BUT LOWER MORALS**