



## Health Care Economic & Policies

- 1) **Health:** Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.
- 2) **Health services:** the range of services undertaken primarily for health reasons and that have a direct affect on health, including health care programs such as health promotion and disease prevention, this provides medical treatment and care to the public or to a particular group.
- 3) **Efficiency:** Obtaining the greatest health benefit from interventions using the available resources, or achieving a given health benefit in a way that minimizes costs/resource use.
- 4) **Healthcare marketing:** is a process of strategic outreach and communications designed to attract healthcare consumers, guide them through their healthcare journey, and keep them engaged with the health system
- 5) **Utility:** Satisfaction or pleasure individuals derive from consuming goods and services. It is a subjective measure that helps explain how individuals make choices to maximize their overall well-being given limited resources.

- **Economics:** Economics is the study of how individuals, businesses, governments, and societies make decisions about allocating scarce resources to satisfy their needs and wants.  
It examines production, distribution, and consumption of goods and services within an economy
- **Health Economics:** Health economics is a specialized branch of economics that focuses on the allocation of healthcare resources and the impact of healthcare policies and interventions on individuals, communities, and societies. It applies economic principles to analyze various aspects of healthcare systems, including resource allocation, financing, cost-effectiveness, market dynamics, policy development, and health outcomes.

### Principle of health Economic

1. **Scarcity and Opportunity Cost:** Health economics recognizes that resources are limited (scarcity) and that choosing one option means forgoing another (opportunity cost). Decisions about health care allocation involve trade-offs.



In summary, scarcity drives our economic decisions, prompting us to weigh trade-offs and allocate resources wisely.

2. **Demand and Supply:** In the realm of health economics, understanding the interplay between demand and supply is crucial. Let's break it down:

**Demand for Health Care:**

- Patients represent the demand side.
- Their health needs and preferences drive the demand for health care services.
- It encompasses the current and future requirements for health care, including medical treatments, preventive measures, and wellness services.
- Decisions about the quantity and type of health care services needed are influenced by individual health conditions and preferences.

**Supply of Health Care:**

- The supply side consists of health care providers (such as hospitals, clinics, and practitioners).
- It encompasses the availability and delivery of health care services.
- Services provided by the health care system, including curative and preventive treatments, fall under the supply of health care.
- Note that this definition excludes informal care and social care.

3. **Distinction between Need and Demand:** understanding the distinction between need and demand is crucial. Let's delve into their meanings:

**Need:**

- Need refers to the health deficit or the lack of well-being that an individual experience.
- It is based on the objective assessment of what health care is required to address a specific health issue.
- Need exists only if health care services are available to meet that requirement.
- For instance, if someone has a broken arm, the need is for medical attention to set the bone and provide appropriate care.

**Demand:**

- Demand represents the desire or willingness of individuals to seek health care services.
- It is influenced by various factors, including personal preferences, cultural norms, and economic considerations.
- Demand considers not only the objective need but also the individual's subjective perception of their health status.



- For example, a person might seek preventive health check-ups even when they are not experiencing any symptoms, driven by their perceived need for early detection and prevention.

4. **Opportunity Cost:** is the value of what you lose when faced with choices one alternative over another. It's like the opportunity we miss out on by not selecting a different option

5. **Discounting:** Discounting, the practice of weighting future gains and losses less heavily than those that occur in the present, is a common practice in the economic evaluation of health and other goods.

The impact of discounting depends on the timing of cost and health outcomes and therefore the type of health care is evaluated

6. **Time Horizons:**

- The time horizon used for an economic evaluation is the duration over which health outcomes and costs are calculated.
- The choice of time horizon is an important decision for economic modeling depends on the nature of the disease and intervention under consideration and the purpose of the analysis.
- Time horizons is the length of time over which an investment is made or held before its liquidated

7. **Margins:**

- The margin: refers to the consequences of changes in the scale of service provision.
- The marginal cost/benefit is the change in cost/benefit arising from (strictly a one unit) increase or decrease in service provision.
- Marginal analysis means that the effects of changes in the use of resources are examined according to how they differ from current use.
- Analysis is focused on, for example, how much costs and benefits are increased or decreased due to a change in resource use, rather than the absolute levels of costs and benefits that exist after the change.

8. **Efficiency.**



The term "efficiency" refers to the peak level of performance that uses the least amount of inputs to achieve the highest amount of output.

- Efficiency requires reducing the number of unnecessary resources used to produce a given output, including personal time and energy.

**9. Equity:** The term "equity" refers to fairness and justice and is distinguished from equality: Whereas equality means providing the same to all, equity means recognizing that we do not all start from the same place and must acknowledge and adjust imbalances.

When used in healthcare, equity in health refers to the fairness in the distribution of health across individuals.

It may also refer to the distribution of health care (for example, expenditure, utilization or access to care), from which equity in health is assumed to be derived.

#### **Why Nurses needs to study health economics?**

- Health economics is important because it focuses on how the economic behavior of stakeholders and recipients affects the quality and cost of medical care. It includes how people pay for care, how those payments are processed, and how health systems around the world can be restructured and improved.
- Health economists can add value to the healthcare system by improving our understanding of how it works and by making recommendations on how to improve its efficiency and effectiveness.
- Health economists play a vital role in the healthcare system, and their work can have a profound impact on the lives of individual patients as well as on the overall effectiveness of the healthcare system.
- Health economics is increasingly being used to inform decision-making at all levels of the health system.

#### **Listed importance of Health economics for nurses**

- Cost Effectiveness
- Decision Making Practice.
- Improve Resource Allocation.
- Staff Engagement ( end-users/ stockholders)
- Budget

#### **📌 The health sector responsibilities in the health care economics**



- 1) The health sector is an important and innovative industry, as well as a source of stable employment for many people. Health systems support active and productive populations, reduce inequities and poverty, and promote social cohesion.
- 2) A strong health system makes good economic sense and underpins the overall sustainable development agenda.
- 3) Regulating the accumulation of human capital could serve as the new engine of economic growth and foster its development over the long run. Human capital influences economic growth and can contribute to economic development through expanding knowledge and skills among the population
- 4) Increase effective medical technology (diagnosis - treatment)
- 5) Achieving economic object: by investing in health system improve population health!