




HEALTH ECONOMICS

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SYLLABUS:

1. **Introduction: Why is Health Economics Important?**
[Stiglitz, chp 12.]
 2. **Growth and Health**
 3. **The Health Production Function** [Phelps chp. 3]
 4. **Evaluation Methods** [Zweifel chp2.]
 5. **Health Systems:**
 1. **General Features** - [J. Hurst]
 2. **General Characteristics of the Health Care Markets** [Arrow (1963)]
 3. **Ethics, Efficacy, Effectiveness and Efficiency** [FGS chp. 1, 4; Zweifel chp 1, 4, Ortún chp1; 3.1, 3.2, 3.3]
 4. **Equity** [Rodríguez, Calonge and Reñe (1988) , Rodríguez and Calonge (1998)]
 5. **Regulation of Pharmacies:** [García Fontes and Massimo Motta]
 6. **Grossman's Model** [FGS chp. 5, McGuire chp. 7]
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SYLLABUS:

7. **Health Insurance**
 1. **Demand for Health Insurance** [Phelps, chp 10; FGS pp 185-187]
 2. **Moral Hazard and Copayments** [FGS pp 270-275; McGuire pp 189-193; Murillo 1992]
 3. **Adverse Selection: the Rothschild and Stiglitz Model** [FGS 151-162 and 289-292; Stiglitz (1993) - Ariel Economía pp 175-180; Rothschild and Stiglitz (1976)- not a mandatory reading]
 8. **Supply Induced Demand-** [FGS pp 204-211; McGuire 160-166]
 9. **Reimbursement Methods** [Zweifel chp. 9]

REFERENCES

IN SPANISH:

- LÓPEZ CASASNOVAS, Guillem y ORTÚN RUBIO, Vicente (1998): Economía y salud: fundamentos y políticas. Encuentro, Madrid.
- ORTÚN, Vicente (1990): La Economía en sanidad y medicina: instrumentos y limitaciones. Escola Universitaria de Treball Social y La LLar del LLibre, Barcelona.
- STIGLITZ, Joseph, La Economía del Sector Público. 2ª Edición

IN ENGLISH

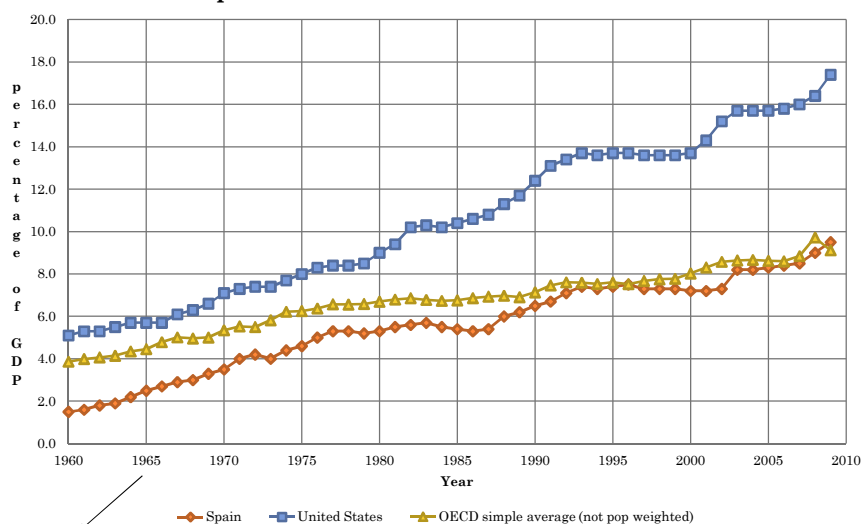
- [FGS] FOLLAND, Sherman; GOODMAN, Allen C. y STANO, Miron (1993): The Economics of Health and Health Care. Macmillan, Nueva York, Oxford.
- ZWEIFEL, Peter y BREYER, Friedrich (1997): Health Economics. Oxford University Press, Oxford.
- MCGUIRE, A; HENDERSON, J. y MOONEY, G.(1.988): The Economics of Health Care. Routledge, Londres y Nueva York.
- PHELPS, Charles E. (1992): Health Economics. Harper Collins, Nueva York.
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1.1. INTRODUCTION

The Economics of *Health* and *Health Care*

- Some semantics: Individuals want *health*, not *health care* per se. The demand for *health care* is a derived demand such as a demand for an input into a production function.
- Health Providers do not supply *health* but *health care*
- Health Insurance is not an insurance on our *health* but on the monetary expenditures needed in *health care* to recover it.
- Health Economics emerged in the 60s after the publication of Kenneth Arrow paper. The importance of Health Economics has grown over the last 40 years due to the rapid growth of the expenditures with health, particularly in the US.
- This course is mostly on the Economics of *health care*, i.e. we are going to talk about Demand and Supply of health care services.

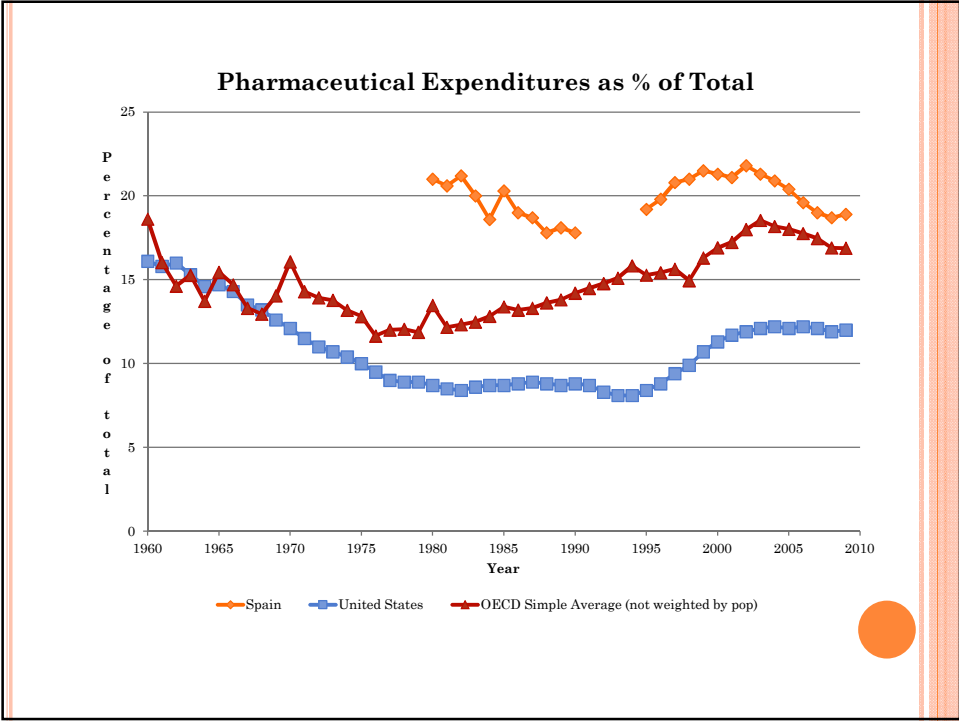
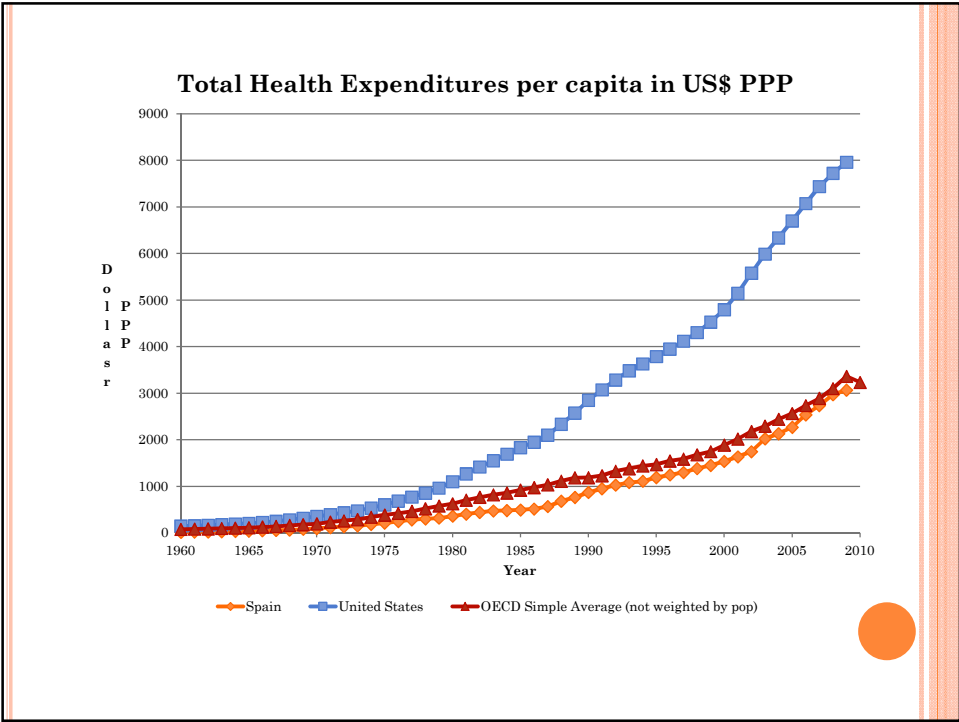
Health Expenditures as a % of Gross Domestic Product

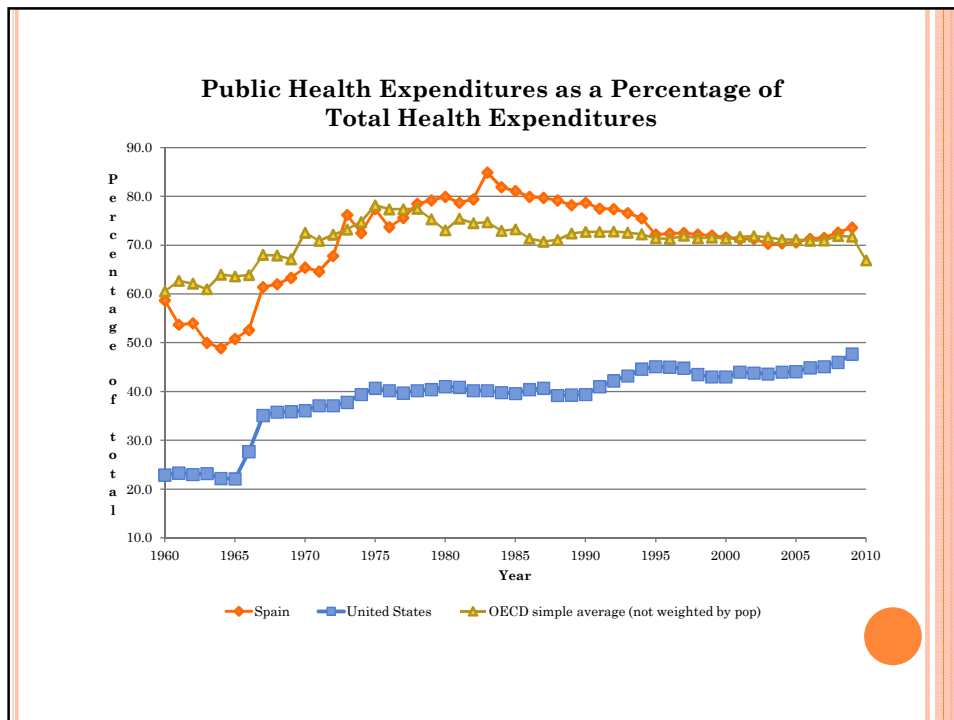


Social Security Act 1965 - Medicare, Medicaid

Fuente:

<http://www.oecd.org/dataoecd/4/9/37487487.pdf>





POSSIBLE EXPLANATIONS :

- Due to several reasons, individuals demand more health care services and medicines :
 - Income effect.
 - The increased prevalence of insurance
 - In USA: The public insurance programs born with the Social Security Act in 1965: Medicaid (for the poor) and Medicare (for the elderly)
 - In Europe, The National Health Systems (NHS)
- Beyond the increase in price and quantities, the increase in expenditures also reflects a dramatic change in the basket of goods and services in health has changed.
- Technological innovation is present in the basic package of health care assistance (typically increasing the costs).
- Inflation in the sector is higher than the average

Why will Health Economics continue to be an important topic of study?

- ✓ Health Care expenditure is a high and increasing percentage of the GDP
- ✓ High Percentage of the Public Spending
- ✓ Sector of great technological innovation and investment (e.g. Pharmaceuticals – there is demand for these innovations, people are willing to pay for their health)
- High number of jobs



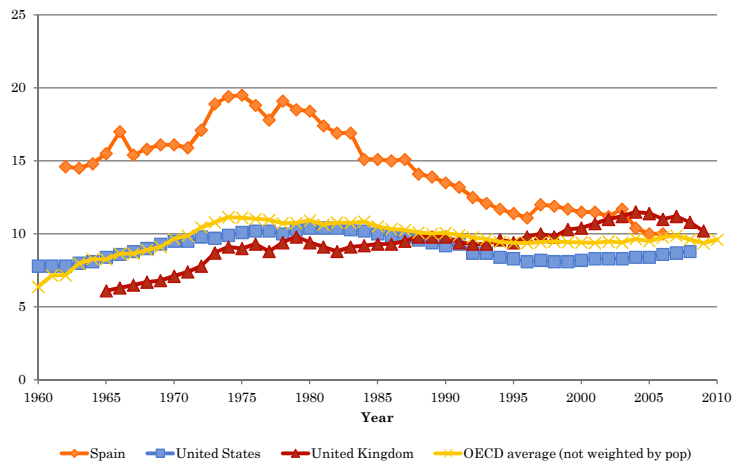
Why will Health Economics continue to be an important topic of study?

- Alcohol
- Tobacco
- Obesity
- Growing life Expectancy and the growing number of elderly people (older than 65) who need more health care



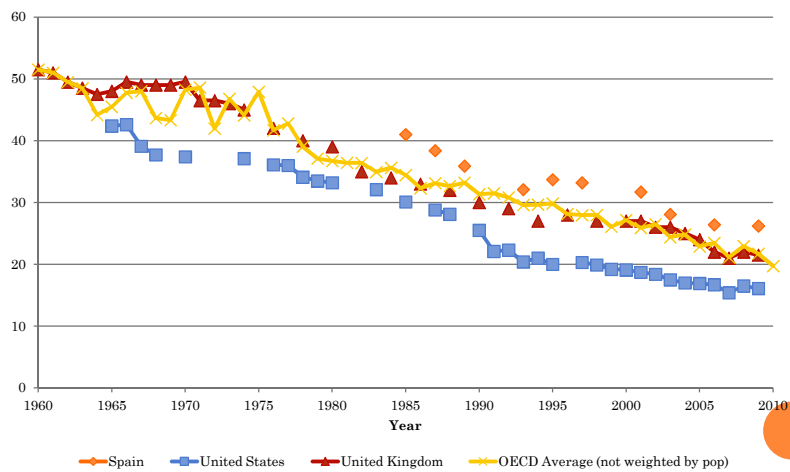
ALCOHOL – LITRES PER CAPITA
(POPULATION OLDER THAN 15 YEARS OLD)

Alcohol Consumption (litres per capita 15+)



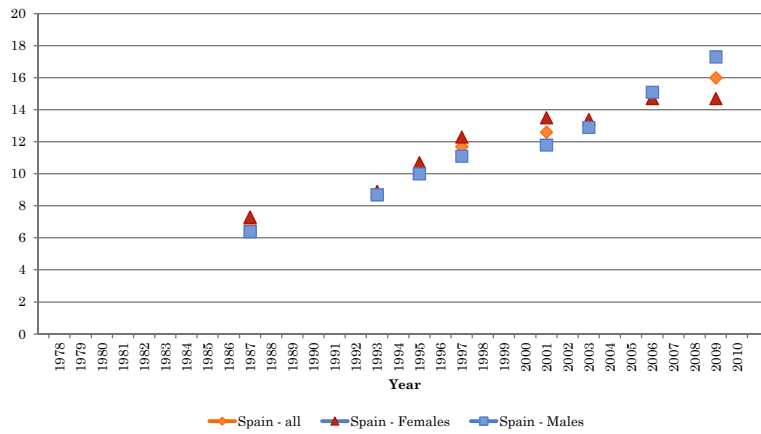
TOBACCO – % DAILY CONSUMERS (POPULATION OLDER THAN 15 YEARS OLD)

% population 15+ who are daily smokers



OBSESITY

% of Obese Population in Spain (self-reported)



Life Expectancy at 65

