

MSP-E3.1

45 Hours

HEALTH ECONOMICS AND HEALTH FINANCING**Learning objectives:**

1. To familiarize the students with basic concepts, theories and models in health economics and how to apply the economic tools in analyzing the structure and performance of health care sector.
2. To provide an understanding on the functioning of health care markets and health care industry.
3. To orient and encourage the students to understand main economics of health and micro financing of health care.

I. Introduction to Health Economics

Defining health economics, why health economics is important, basic concepts in microeconomics, health across world and over time, scope of health economics, map of health economics, basic questions confronted by health economist, concept of efficiency and equity in health, Production Possibility Frontier (PPF), economic gradient of health, causation of income and health, Preston Curve, economic models and analysis, expenditure function, Theories of X and Y, positive and normative economics.

II. The Demand for Health and Health care

What is Health and Good Health, Utility Analysis, Health as a form of human capital, What is Medical Care, The production of Good Health, Empirical evidences in the production of health, Health as human capital, Grossman Model, The Demand for Health Care, Demand function for health, Economic and non-economic factors of health care, Fuzzy Demand Curve, Price and income elasticity of demand for health care, Important consideration in estimating health care demand elasticity, provider's behavior, Empirical findings, externalities and market failure.

III. Medical Care, Production and Cost

The Short-Run Production Function of the Medical Firm, Total Product, Marginal Product and Average Product Curve, Law of diminishing marginal

productivity, The importance of costing in Health Economics, Short-run cost theory of medical firm, short run cost curves, Cost analysis, Implicit and explicit cost, factor affecting short-run cost curves, cost minimization, constraints in measuring health cost

IV. Measuring Health Inequalities

Measurement of health inequality: A Prelude

Why measure health inequality; Health equity and inequality: Concept and definitions; Understanding of the concepts such as need, access and utilisation; cardinal and ordinal health variables

Black Report and Beyond

Historical Background of Black Report, Explanation for social class differences, major empirical theme since Black report

Measures of health inequality:

Measures of health inequality: Index based approach; Axiomatic approach to measurement; Individual-mean and inter-individual comparison; WHO Index, Coefficient of Variation, Generalised Entropy Index, Lorenz Curve and Gini Coefficient

Measuring socioeconomic rank related health inequality

Slope index of inequality; Relative index of inequality; Concentration curve and concentration index: various ways of computing; Standardization; Inequality aversion; Normalised and Generalised concentration index; Corrected concentration index

Measuring inequality in healthcare utilisation

Horizontal inequality; Vertical inequality; Regression based approach; Measurement of horizontal inequalities; Group inequality, common measures, Gini type index

V. Health Financing

Health financing in low, middle and high income countries, demographic transition, epidemiological transition and health expenditure, disparity in disease burden and percapita health spending, sources of health care in India, out-of-pocket expenditure on health care, catastrophic health expenditure, approaches in measuring catastrophic expenditure, impoverishment, health

care payment and poverty, national and regional patterns of catastrophic health spending, determinants of catastrophic health spending, Drivers of health care expenditure, health financing in India, Equity in health care finances, W

illingness to pay for health care, User charges as determinant of health financing

VI. Measuring Health

Importance of Measures of general health status and quality of life, Measuring health outcomes, human life and Quality Adjusted Years of Life, Quality Adjusted Life Years (QALYs) and Health Year Equivalents (HYEs), Economics of Prevention and Public Health – Economic evaluate on of prevention programs (include ADL and IADL for aged)

VII. Health Insurance

Health care system, a model of health care system, defining health insurance, need for health insurance, type of health insurance, demand for private health services, factors affecting the quantity demanded of health insurances, moral hazards, deductibles, co-insurance, managed care, adverse selection, loading fees, employed based insurance, reimbursement, selection effect, intermediary agent, regulation of health insurance, Need for Government intervention, Trends of health insurance, Coverage of health insurance in India

VIII. Economic Evaluation

What is economic evaluation? Cost analyses; direct cost, Indirect cost, tangible cost, capital cost, fixed cost, variable cost, Opportunity cost, average cost, marginal cost, Incremental cost, steps in cost analyses: Identification, measurement and valuation, Various types of economic evaluation used in health care: Cost effectiveness analysis (CEA) Cost-Benefit Analysis (CBA), Divergence between social and private costs and benefits in health care, Limitations of economic evaluation, Consumer Impact Assessment.

Reading List

Essential Readings :

1. Rexford E. Snterre and Stephen P. Neun, Health Economics: Theories, Insights and Industry Studies, Thompson South – Western, 3rd Edition (614, San/Hea, 073226) Note: 4th Edition is out in 2007 (ISBN: 032432068X; ISBN13: 9780324320688)

2. Drummond MF, Sculpher MJ, Torrance GW, O'Brien B, Stoddart GL, eds. Methods for economic evaluation of health care programmes, Third Edition, Oxford University Press, 2005.
3. O'Donnell O, Doorslaer E v, Wagstaff A and Lindelow M. Analyzing Health Equity Using Household Survey Data, A Guide to Techniques and Their Implementation <http://www.sciencedirect.com/science/handbooks/15740064>
4. Culyer A J and J P Newhouse, 2000, The state and scope of health economics, Handbook of Health Economics, Volume 1A, Eds. Culyer and Newhouse, Elsevier, 2000.
5. Dewar D M , Essentials of health economics, Chapter 3
6. Ringel et al (2005) The Elasticity of Demand for Health Care A Review of the Literature and Its Application to the Military Health System https://www.rand.org/content/dam/rand/pubs/monograph_reports/2005/MR1355.pdf
7. Grossman (1982), On the concept of Health capital and Demand for Health, Journal of Political Economy, 80(2)
8. Macintyre S (1997). The Black Report and Beyond-What are the issues, Social Science, Medicine, 44(6):723-745
9. Wagstaff A, P. Paci and E van Doorslaer (1991), On the measurement of inequalities in health, *Social Science and Medicine* 33(5), 545-557
10. O'Donnell O. et al (2008), *Analysing health equity using household survey data: A guide to techniques and their implementation*, The World Bank
11. Wagstaff, Adam & van Doorslaer, Eddy, 2000. "Chapter 34 Equity in health care finance and delivery," Handbook of Health Economics, in: A. J. Culyer & J. P. Newhouse (ed.), Handbook of Health Economics, edition 1, volume 1, chapter 34, pages 1803-1862 Elsevier
12. Erreygers, G (2009b), Correcting the Concentration Index. *Journal of Health Economics* 28, 516–520.

Recommended journals

1. Journal of Health Economics
2. Health Economics
3. The Lancet
4. Health Policy and Planning