



# HEALTH ECONOMICS

## SUBJECT 1

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# 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**’

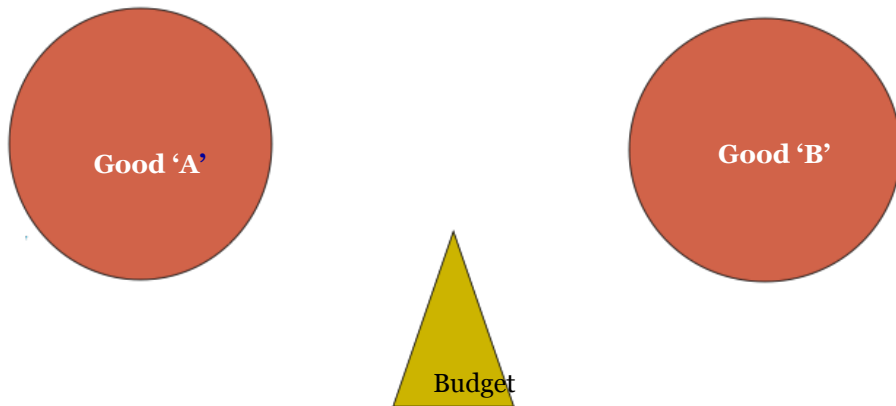
## Resources

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



# Economics is about choice



# 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.
- Economics is the science that **deals with the consequences of resources scarcity**.
- The discipline of economics deals with **use of scarce resources to satisfy human wants and needs** how best to use the resources available.

## Economics is because:



- Resources are scarce
- What we “want” is unlimited
- Therefore involves “choice”
- Maximize benefits /minimize resources = efficiency\*
- Weigh-up relative benefits of each course of action and choose the action which maximises well-being.

### Scarcity

A situation in which the needs and wants of an individual or group of individuals exceed the resources available to satisfy them.

## **Economics is concerned with...**

➤ *costs (resource use)*

➤ **Benefits**

➤ **Choice**

➤ **efficiency**

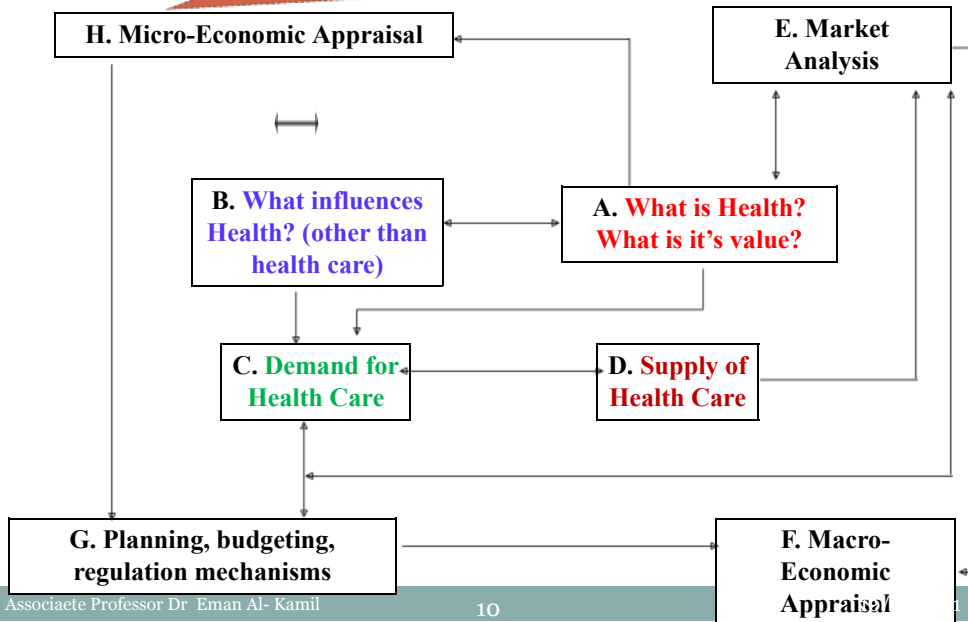


## What is health economics??

**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.

# Health economics 'map'



# WHAT IS HEALTH?

www.naturalabundance.me

**Health** is the level of **functional or metabolic efficiency** of a living being.

In human , it is the general condition of a person's mind, body and spirit, usually **meaning to be free from illness, injury or pain** (as in "*good health*" or "*healthy*").

The World Health Organization (WHO) defined health as "a state of **complete physical, mental, and social** well-being and **not merely the absence of disease or infirmity** "

**Another definition of health** is that “ health is a **successful adaptation** of the human body **to stresses and stimuli** (in the environment) to which it is exposed, such that it expresses adequate functioning under given genetic and environmental conditions.

The successful adaptation may be very optimal ,and the attributes of optimal health are:

**Anatomical integrity** to ensure the **physical aspect** of health.

2. **Ability to do normal duties** at personal, family and community level.
3. **Ability to deal with stress** whether this stress is physical, mental or social.
4. **Feeling of well being**. This is the mental or psychological dimension of health.
5. Spiritual and moral stability.

# Well-Being Concepts

It is a **positive outcome** that is meaningful for people, because it **tells us that people perceive that their lives are going well**. Good living conditions (e.g., housing, employment) are fundamental to well-being, overall **satisfaction with life**.

Well-being is associated with:

- Self-perceived health (**presence of positive emotions and moods**).
- Longevity.
- Healthy behaviors.
- Mental wellbeing (absence of negative emotions (e.g., depression, anxiety)
- physical wellbeing (**absence of disease**)
- Social relationships.
- Productivity.
- Factors in the physical and social environment.
- **Satisfaction with life**, completion and **positive functioning**

## Higher levels of well-being are associated with:

1. decreased risk of disease, illness, and injury;
2. better immune functioning;
3. speedier recovery;
4. increased longevity.
5. Individuals with high levels of well-being are more productive at work and are more likely to contribute to their communities.

# Health has many dimensions:

Physical dimension.

health



2. Mental dimension

3. Social dimension.

4. Spiritual (including religion) and ethical dimension.

5. Emotional dimension.

6. Vocational (occupational)dimension

7. Other dimensions, philosophical, socioeconomic, medical,  
environmental

**Disease** (Dis-ease): 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**  
Changing Lives, Transforming Communities

**Health for all!**





## 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, to all other countries five years later.



It considers health as a human right.

## **Main points in the declaration are:**

Health is a **fundamental (basic) human right**.

The existing **gross inequality** in the health status of the people is politically, socially and economically **unacceptable**.

**Economic and social development** is of basic importance to the fullest attainment of health for all and to **the reduction of the gap between the health status of the developing and developed countries**.

The **people have the right and duty to participate individually and collectively in the planning and implementation of their health care**.

**Governments have a responsibility** for the health of their people which can be fulfilled only **by the provision of adequate health and social measures**.

*Thank You*