



A Brief Review on Health Economics and Its Aims and Scope

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Editorial

Health economics is a branch of economics concerned with issues related to efficiency, effectiveness, value and behaviour in the production and consumption of health and healthcare. Health economics is important in determining how to improve health outcomes and lifestyle patterns through interactions between individuals, healthcare providers and clinical settings. In broad terms, health economists study the functioning of healthcare systems and health-affecting behaviors such as smoking, diabetes, and obesity.

Health as Capital; Communicable Disease

Part of the work in health economics has been concerned with quantifying the concept of health. In the model analysed by Grossman (1972), health is interpreted as a form of capital. Each person is born with a certain quantity, and can build up his or her health capital by using health services produced by others, by eating well, exercising, and so on. But health capital is also subject to depreciation, as people fall ill and grow old. Health capital yields benefits in the form of a flow of healthy time which is both valuable in itself (the consumption motive for investing in health), and because it can be used to earn an income through working (the investment motive).

Scope: The scope of health economics is neatly encapsulated by Alan Williams' "plumbing diagram" dividing the discipline into eight distinct topics:

What influences health? (Other than healthcare)

What is health and what is its value?

The demand for healthcare

The supply of healthcare

Micro-economic evaluation at treatment level

Market equilibrium

Evaluation at whole system level

Planning, budgeting and monitoring mechanisms.

Healthcare demand: The demand for healthcare is a derived demand from the demand for health. Healthcare is demanded as a means for consumers to achieve a larger stock of "health capital." The demand for health is unlike most other goods because individuals allocate resources in order to both consume and produce health.

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The above description gives three roles of persons in health economics. The World Health Report states that people take four roles in the healthcare:

- Contributors
- Citizens
- Provider
- Consumers

What is Health Economics?

Health economics is the discipline of economics applied to the topic of health care. Broadly defined, economics concerns how society allocates its resources among alternative uses. Scarcity of these resources provides the foundation of economic theory and from this starting point, three basic questions arise:

- What goods and services shall we produce?
- How shall we produce them?
- Who shall receive them?

Health economics addresses these questions primarily from the perspective of efficiency-maximising the benefits from available resources (or ensuring benefits gained exceed benefits forgone). Equity concerns are also recognised-what is a fair distribution of resources. Considerations of equity often conflict with efficiency directives. However, due to the contested nature of this area and the difficulties in quantifying equity dimensions, this element has not been a major focus of health economist's work.

Healthcare markets

The five health markets typically analysed are:

- Healthcare financing market
- Physician and nurse's services market
- Institutional services market
- Input factors markets
- Professional education market

Aims and scope

Health Economics Review is an international high-quality journal covering all fields of Health Economics. A broad range of theoretical contributions, empirical studies and analyses of health policy with a health economic focus will be considered for publication. Its scope includes macro- and microeconomics of health care financing, health insurance and reimbursement as well as health economic evaluation, health services research and health policy analysis. Further research topics are the individual and institutional aspects of health care management and the growing importance of health care in developing countries.

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