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Unit 4

Health Care Financing

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Health Care Financing: Definition

- Health care financing refers to the methods used to pay for health services.
- Includes both private and public sources of funding.
- Aims to ensure equitable access to healthcare services.
- Financing models impact the quality, availability, and affordability of care.
- Involves raising, pooling, and allocating resources.

Key Aspects of Health Care Financing

- Revenue Generation: Taxes, premiums, out-of-pocket payments.
- Pooling of Funds: Shared financial resources for risk reduction.
- Purchasing Services: Health care services bought by governments or insurers.
- Financial Risk Protection: Ensuring health costs do not cause financial hardship.
- Efficiency in Spending: Ensuring funds are used effectively for health outcomes.

Health Care Expenditure: Private vs. Public

- Public Expenditure: Government funding for public health services, insurance, infrastructure.
- Private Expenditure: Out-of-pocket payments, private insurance premiums, employer-funded health plans.
- Global Differences: Public health spending in developed vs. developing nations.
- Health Outcomes and Expenditure: Link between spending and health outcomes.
- Sustainability Issues: Long-term challenges in financing health care

Public Health Care Expenditure

- Government funding for national health systems.
- Allocation to public hospitals, clinics, and public health programs.
- Focus on preventive care and health promotion.
- Role of social health insurance programs.
- Examples of public expenditure models

Private Health Care Expenditure

- Expenditure by individuals on private health services.
- Out-of-pocket spending for treatment, medication, and consultations.
- Private insurance schemes and employer-funded health plans.
- Impact of private expenditure on health inequality.
- Examples of private expenditure systems

Healthcare Insurance: Overview

- Definition of health insurance: Protection against financial risk of health expenses.
- Types of Health Insurance: Private, public, employer-based, government-funded.
- Premiums and Coverage: Monthly payments for access to medical services.
- Pooling of Risk: Insurance pools risks to protect individuals from catastrophic costs.
- Importance of Insurance: Reduces the financial burden of healthcare expenses.

Types of Health Insurance

- Private Health Insurance: Plans offered by private companies to individuals or employers.
- Public Health Insurance: Government programs like Medicare, Medicaid, and NHS.
- Employer-Sponsored Insurance: Coverage provided by employers to employees.
- Community-Based Insurance: Collectively pooled insurance schemes for specific communities.
- Voluntary vs. Mandatory Insurance: Different systems of enrolment and participation.

Need for General Health Insurance

- **Financial Protection:** Helps individuals cover healthcare costs.
- **Universal Access:** Ensures everyone can access essential health services.
- **Health Security:** Reduces the risk of financial ruin due to medical emergencies.
- **Public Health Benefits:** Promotes early detection and prevention of diseases.
- **Economic Benefits:** Healthier populations contribute more to the economy.

Benefits of General Health Insurance

- Protection from catastrophic medical expenses.
- Reduced out-of-pocket spending on healthcare.
- Enhanced equity in healthcare access.
- Improved health outcomes through preventive care.
- Economic stability for individuals and families.

Need for Special Health Insurance for the Poor, Disabled, and Aged

- Vulnerable populations face higher health risks and financial burdens.
- Poverty: Limited access to private healthcare, resulting in worse health outcomes.
- Disability: Increased need for continuous medical care and rehabilitation.
- Aged populations: Higher likelihood of chronic diseases and long-term care needs.
- Ensuring equity through targeted health insurance schemes for these groups.

Types of Special Health Insurance Schemes

- For the Poor: Government-sponsored schemes like India's Ayushman Bharat.
- For the Disabled: Disability-specific coverage, addressing long-term care needs.
- For the Elderly: Senior citizen insurance plans covering geriatric care and rehabilitation.
- Universal Coverage Models: Plans that integrate coverage for all vulnerable groups.
- Integration with Welfare Systems: Combining insurance with social welfare programs.

Financing Health Care for Vulnerable Populations

- **Government Funding:** Targeted public schemes for the poor, disabled, and aged.
- **Subsidized Insurance:** Reduced premiums for low-income or high-risk groups.
- **Universal Health Coverage (UHC):** Ensuring all populations have access to essential healthcare.
- **Role of NGOs:** Community-based organizations providing healthcare services.
- **Health Equity:** Focus on reducing disparities in health access.

Financing Institutions in Healthcare

- **Government Bodies:** Ministries of health, social welfare, and finance.
- **Private Insurers:** Insurance companies providing a range of health plans.
- **Multilateral Organizations:** WHO, World Bank, and the Global Fund for healthcare financing.
- **Non-Governmental Organizations (NGOs):** Organizations providing health services and financial support.
- **Social Insurance Institutions:** Public-private partnerships for pooling health funds.

Government Financing Institutions

- Ministry of Health: Responsible for national healthcare policies and expenditure.
- Social Health Insurance Schemes: Public programs like Medicaid and Medicare.
- State Healthcare Funds: Provincial or regional healthcare financing in federal systems.
- Public Health Financing: Direct funding of public health programs and hospitals.
- Global Financing Programs: Partnerships with international agencies to fund health systems.

Financing Health Systems in Low-Income Countries

- International Aid and Loans: World Bank, UN agencies providing financial support.
- National Health Financing: National governments' role in allocating funds for health services.
- Public-Private Partnerships: Collaboration to improve health service delivery.
- Health Insurance Models in Developing Countries: Efforts to implement universal coverage.
- Challenges: Limited financial resources, political instability, and healthcare infrastructure gaps.

Health Care Financing in Developed Countries

- National Health Systems: Examples of NHS (UK), Medicare (Australia).
- Public Funding: Higher reliance on taxes to finance health systems.
- Private Insurance Market: Voluntary insurance for supplementary coverage.
- Social Health Insurance Systems: Countries like Germany, France, and Japan.
- Challenges in Developed Nations: Rising costs due to aging populations and chronic diseases.

Public-Private Partnerships in Health Financing

- Combining government funding with private investment.
- Examples: Public-private partnerships for infrastructure projects and health insurance.
- Shared risk and resource pooling.
- Benefits: Enhanced service delivery, cost savings, and innovative health financing models.
- Challenges: Regulatory oversight, ensuring equity and access.

Innovative Health Financing Models

- Pay-for-Performance (P4P): Incentivizing healthcare providers to improve outcomes.
- Health Savings Accounts (HSAs): Individuals save for future medical expenses.
- Micro-health Insurance: Small-scale insurance programs in developing countries.
- Crowd funding for Healthcare: Individuals raise funds for medical treatments.
- Digital Health Financing: Use of mobile platforms for health insurance distribution.

Health Care Financing and Economic Development

- Healthcare as an economic driver: Investment in health contributes to a productive workforce.
- Health system strengthening boosts national development.
- The link between health expenditure and GDP growth.
- Economic burden of healthcare costs on low-income families.
- Policies to reduce out-of-pocket spending and promote health investment.

Challenges in Health Care Financing

- **Rising Costs:** Increasing demand for healthcare services and pharmaceuticals.
- **Equity Issues:** Disparities in access to insurance and healthcare services.
- **Financial Protection:** Need to avoid catastrophic healthcare costs for individuals.
- **Aging Populations:** Growing healthcare costs for elderly care.
- **Healthcare Fraud and Waste:** Impact on efficiency and resource allocation.

Policy Solutions for Health Financing

- Universal health coverage models to ensure equitable access.
- Strengthening Primary Health Care: Focus on prevention to reduce healthcare costs.
- Risk Pooling and Risk Sharing: Broader pooling of funds to reduce individual risk.
- Regulation of Private Insurers: Ensuring affordability and fairness in private insurance.
- Targeted Subsidies: Reducing financial barriers for vulnerable populations.

Conclusion

- The need for sustainable health financing systems.
- Balancing public and private sector contributions to healthcare.
- Importance of insurance for financial protection.
- Ensuring equity and access for all populations.
- On-going challenges and the need for innovative solutions.

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