

Chapter: 2

Health Care – Basic concepts, And Importance.

There should be no doubt in the mind of anybody that the health is directly related to the development of a country itself. Therefore the provision and improvement of health is, and should be regarded as the ultimate aim of the development, because the capacity to develop itself depends upon the overall health status of a country. After all, all the development is directed at improving the quality of life.

But how should it be done? Comprehensively this should be done by taking measure to eradicate poverty, by creating an enabling environment for the people to enjoy a long and healthy life, by helping people to acquire knowledge, making sure that they enjoy political and social freedom, personal self-respect and guaranteed human rights.

And without the improvement in the health status in general, there will be no improvement in any of above-mentioned variables that are used to gauge the quality of life. In other words, people must be healthy to contribute to and share in the social and economic developments and conversely the development goals can not be achieved without a healthy population.

That is why, presently there is a greater emphasis on the importance of contribution of health to the development of a country. Therefore the governments are taking greater effort and allocating ever-greater amount of resources to the health sector.

**Table 2.1 : % age of the GDP and the per capita expenditure
for the selected countries for the year 1997**

Name	% age of GDP	Per capita expenditure in US \$
Bangladesh	4.9	144
Bhutan	7	135
Brunei- Darussalam	5.4	32
Canada	8.6	10
Cambodia	7.2	140
China	2.7	139
Democratic Korea	3	172
France	9.8	4
Germany	10.5	3
India	5.2	133
Indonesia	1.7	154
Italy	9.3	11
Japan	7.1	13
Laos	3.6	157
Malaysia	2.4	93
Myannmar	2.6	136
New Zealand	8.2	20
Philippine	3.4	124
Republic of Korea	6.7	31
Russia	5.4	75
Singapore	3.1	38
Sri Lanka	3	138
Thailand	5.7	64
UK	5.8	26
USA	13.7	1
Vietnam	4.8	147

(Source: WHO report 2000, Geneva 2000)

One can argue, whether it is the realization of the importance of health care in the development, that has put the health care to be regarded by the most nations (or should I say 'most Governments') as "merits" or "social good" that should be made available to all the members of the community, regardless of their ability to pay? Or is it a political decision?

Whatever may be the reason, on average the developed countries are spending about 7% to 14% of their GDP on health as evident by the table above. The resources allocated to any sector is always limited, it is true for the health care sector as well. So the unlimited resources can not be provided to the health care services without effecting the other sectors that are equally important in the development of the country.

The situation is little different in the developing countries, which are in a state of vicious cycle. Due to availability of the limited resources they can not afford to put an equivalent portion of GDP, as the developed countries. The amount becomes more negligible because of low GDP of the developing countries. The problem is compounded because of high population in the developing countries, poor infra structure, poverty, illiteracy and generally poor health status.

At the same time with all the new advances in the health care and the emergence of new technique to treat the diseases, along with change in the epidemiological and demographic status, the cost of health care is increasing continually. So that mean, in order to keep up with the pace of development in the health care field, more and more resources should be allocated to the health care sector. In short we can say that the cost of health care provision is on increase in the developed as well as in developing countries, and so is the allocation for the health care sector.

So if the health care is so costly why Governments bother about it? What is the cost of neglecting the health care of the entire population? How much should the government be involved in the provision of health care? Or should the provision be left to the providers (of health care) only? How should we organize a comprehensive health care system? And how should this health care system be financed? Many people are asking these questions and the other questions like these, and in this document I will try to answer these questions.

Opportunity Cost of health care:

Before we go deep into the discussion about the health care, we should have a clear definition for health itself. The general perception is that health is a disease free state, but it is not as simple as this. The most comprehensive definition is provided by the World Health Organization. It defines health as

"A state of complete physical and mental well-being and not merely absence of disease or infirmity"

The definition of health adopted by the governments is very important, because it will determine the extent of services to be provided by the governments to its citizens. That in turn will determine the quality of health and the health status in a country on one hand and health care expenditure on the other hand.

If a person is ill, it will not only affect his own life, but affects the livelihood of other people around him as well,

- Because of the illness he will have a decreased ability to enjoy life
- Decreased ability to earn
- Decreased work efficiency
- He may infect other people (for e.g. if he is suffering from an infectious disease like AIDS) who will have the same consequences
- If he is the breadwinner, the other family member will also suffer because of his illness, because of reduced earning, poor diet and less good housing
- Other family members have to spend time with that ill person (caring for that person), so it will affect their work efficiency as well
- The employer of that ill person will also suffer, not only in the decreased productivity, but also have to bear with the medical expenses of that ill person, so the average cost of the production will increase
- If that ill person seeks treatment from the public hospital, taxpayers will be paying for his treatment, so he is incurring a cost to all the taxpayers. This is a

major problem in a public funded health care system, especially with an aging population.

- Finally the news of the illness on the part of a sick person may give rise to anxiety and apprehensions in the healthy subjects, who may seek professional health incurring an extra cost on the health care system.

Now considering all the points discussed above, anyone can appreciate how an ill person can effect the people around him and at the same time incur a cost as well, reducing the productivity and decreasing the overall efficiency of the system. That is why the governments are so concerned about the health status in a country, and Health Ministry forms an important department in any government.

Now the question is, whether the health ministry is the only one who is responsible to improve the health status in any country. To me the answer is NO. Improving the health status in any country is an integrated process, this require a lot of help from the other ministries and the government departments as well as from non-governmental organizations, for e.g.

- Ministry of Education, for improving the literacy level
- Ministry of Social Welfare to bring up the living standards
- Department of Sanitation and Irrigation for the maintenance of proper hygiene and safe disposal of waste
- Department of Water supply for the supply of clean potable water, and
- Communication ministry, to bring about the awareness and benefits of the health.
- Housing and Environment
- Occupational health
- Non-Governmental Organizations
- external funding and expertise from e.g. WHO, USAIDS, etc.

That means that it will be wrong if we held health ministry alone, responsible for improving the health status in any country. With the involvement of other government departments in the effort for improving the health status in a country,

there is an increase in the cost incurred for that process of improving or maintaining the health status.

Even after putting up all that combine effort, it is not very easy to measure the output of that effort, i.e. to measure the amount of health services delivered to the community or the amount of health care available to the community. The supply of health care can be measured by the amount of health services available, for e.g. total numbers of hospital beds in a particular area. (Issues in health care – Framework of discussion, Chee Heng Leng, Health and health care in Malaysia, Present trends and the implication for the future, monograph series; SM no. 3 (1990), Institute for advance studies, University Malaya, Kuala Lumpur)

At the same time it is very difficult to measure the improvement in the health status of a community directly, because it is not possible to quantify the health status or the health itself. Therefore, for all intent and purposes, the statistic used as the indicator of health care actually, is the statistic of disease and ill health. Hence, the underlying assumption in the measurement of health is the 'absence of health'. (Issues in health care – scope of health and health care, by chee heng leng, institute of advanced studies, UM)

What should be the typical characteristic of a health care system?

The very reason to develop a health care system is to improve health status in a country. So, it in general, concerns all the population in a country, and should satisfy the health need of entire population. A typical health care system has following characteristics: (Tan Sri Dato Dr. Abu Bakar Suleiman, Creating the future health care system, Berita Akademi, December 1998, vol. 11 no. 3)

- Equity
- Efficient
- Effective
- Accessible

- Appropriate
- Responsive

Equity in health care can be defined as *"equal level of access to the health care services"* (Ann Clewer, David Perkiens. Economic for Health care Management, Printice hall Europe, 1998). That is a fundamental requirement for any health care system anywhere in the world that mean that the health care opportunities (services) are available to every one at the same level, for e.g. a patient with the similar medical condition have to wait equally before being given the proper treatment. Or patients requiring a similar operation under similar circumstances have to wait equal amount of time. So there is no discrimination for any one. As a result every one should have an equal opportunity to attain his or her full potential for health.

Efficiency (economic) in the health care is defined as "provision of the necessary care of good quality at a minimum cost". Thus the immediate aim of the economic efficiency is to move towards a more economical balance of services and eliminate the ineffective, excessive and the unnecessary medical procedures (Brian Abel Smith, Increasing the cost effectiveness in health care, Health care –Who pays? Selected articles from the World Health Forum, World Health Organization, Geneva, 1987)

. With increase efficiency there is no wastage of the resources. In that way same amount of resources can be used to bring about good to maximum number of patients. The logical way to increase the efficiency is to plan for a correct balance of services available, and train manpower necessary to meet these medicals needs and geographically distribute these services on a rational and equitable basis.

Efficiency can be allocative efficiency (implies productive and technical efficiency) or the social efficiency (Pareto efficiency).

Effectiveness is concerned with the outputs. In health the output can be intermediate output (for e.g. number of patients treated) or the final outcomes (for e.g. the overall benefits to the patient brought about by the treatment, or improvement in the quality of life, though it is very difficult to measure). Effectiveness can be defined as “the degree to which outputs produces improved outcomes to the patients. (Ann Clewer, David Perkins, Economics for Health care management, Printce Hall, 1998)

A treatment is considered effective if it achieves its objectives without causing any serious side effect. Thus the procedure for treating a broken leg is considered as effective if the patient is returned to his full functioning capacity in acceptable time.

Accessibility relates to the ability to utilize the health care facilities. It means that the health care services are easily and redially available to masses, so that there is minimum obstacles for the public in their usages. The accessibility can be of different type, as defined below;

- Geographical accessibility
- Financial accessibility
- Social accessibility

Appropriateness refers to the usage of proper and suitable resources for the health care provision. It will determine whether the resources being used for the health care provision serve their function or not. It will also determine the wastage of resources during the health care provision.

Responsiveness will determine whether the needs and the demands of the population and the individuals towards the health care system are met or not. Therefore it is a factor that will determine whether the health care system is responsive and accommodative (in fulfilling the need of the population) not only to the day-to-day changes but also in the long run.