# Integrated Care: The Health Economy as a part of social and industrial policy

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# Perspective 1: A functional approach by objectives

## On different levels

**Scarce Economic Resources – how to allocate them?**

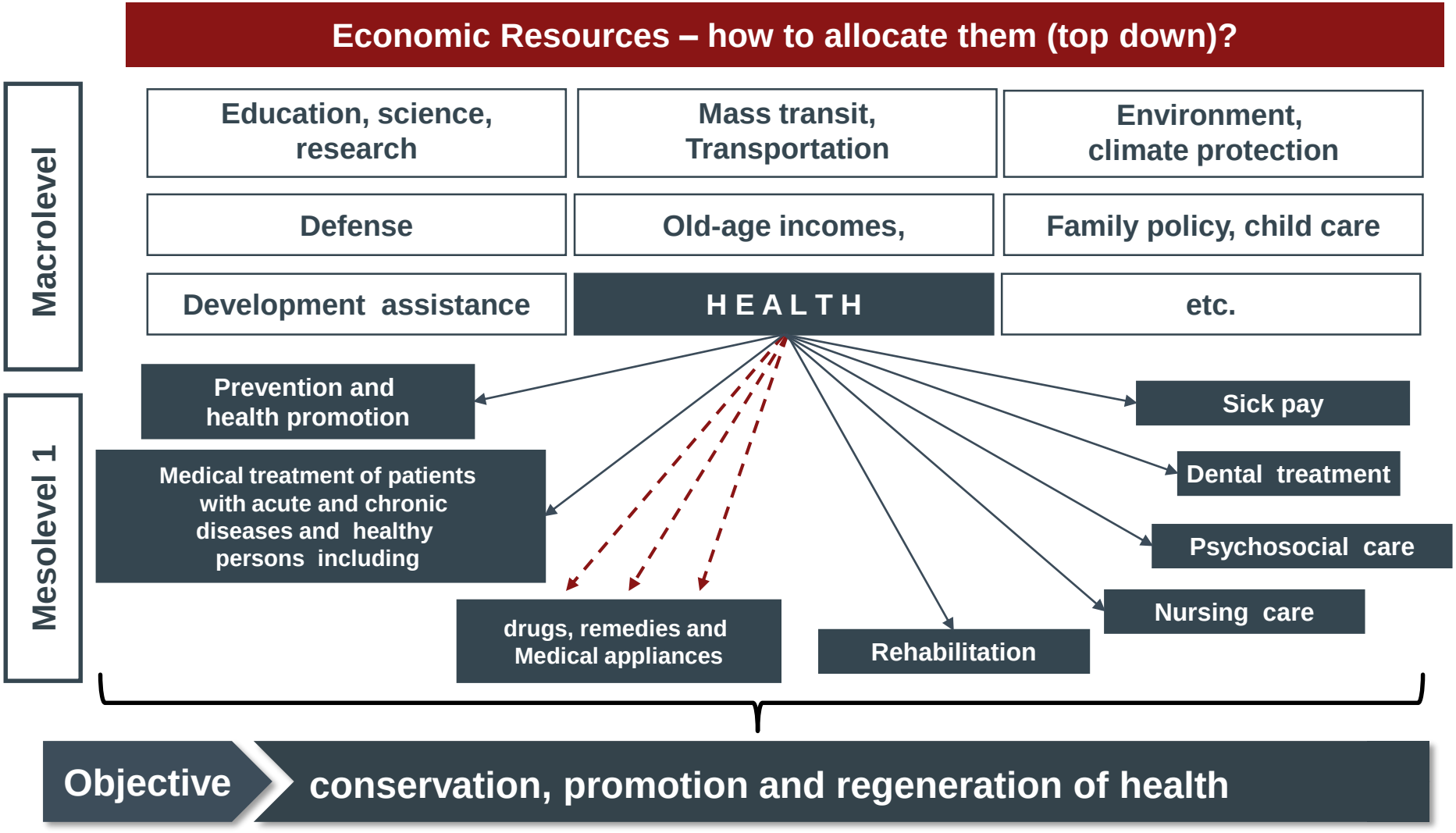
1. From a macroeconomic point of view (top down)

2. From a mesoeconomic point of view (sectoral / regional)

3. From a microeconomic point of view (bottom up)

# Perspective 1: A functional approach by objectives

## From a macro- and mesoeconomic point of view



# Perspective 1: A functional approach by objectives

## From a health economics perspective

**Macrolevel:** There is no optimal Health Expenditures Quota

**Mesolevel 1:** There is no optimal structure within health care

» But: Resources should be invested, where the health benefit is the highest

» „Value defined as the health outcomes achieved per dollar spent“ (M. E. Porter) or

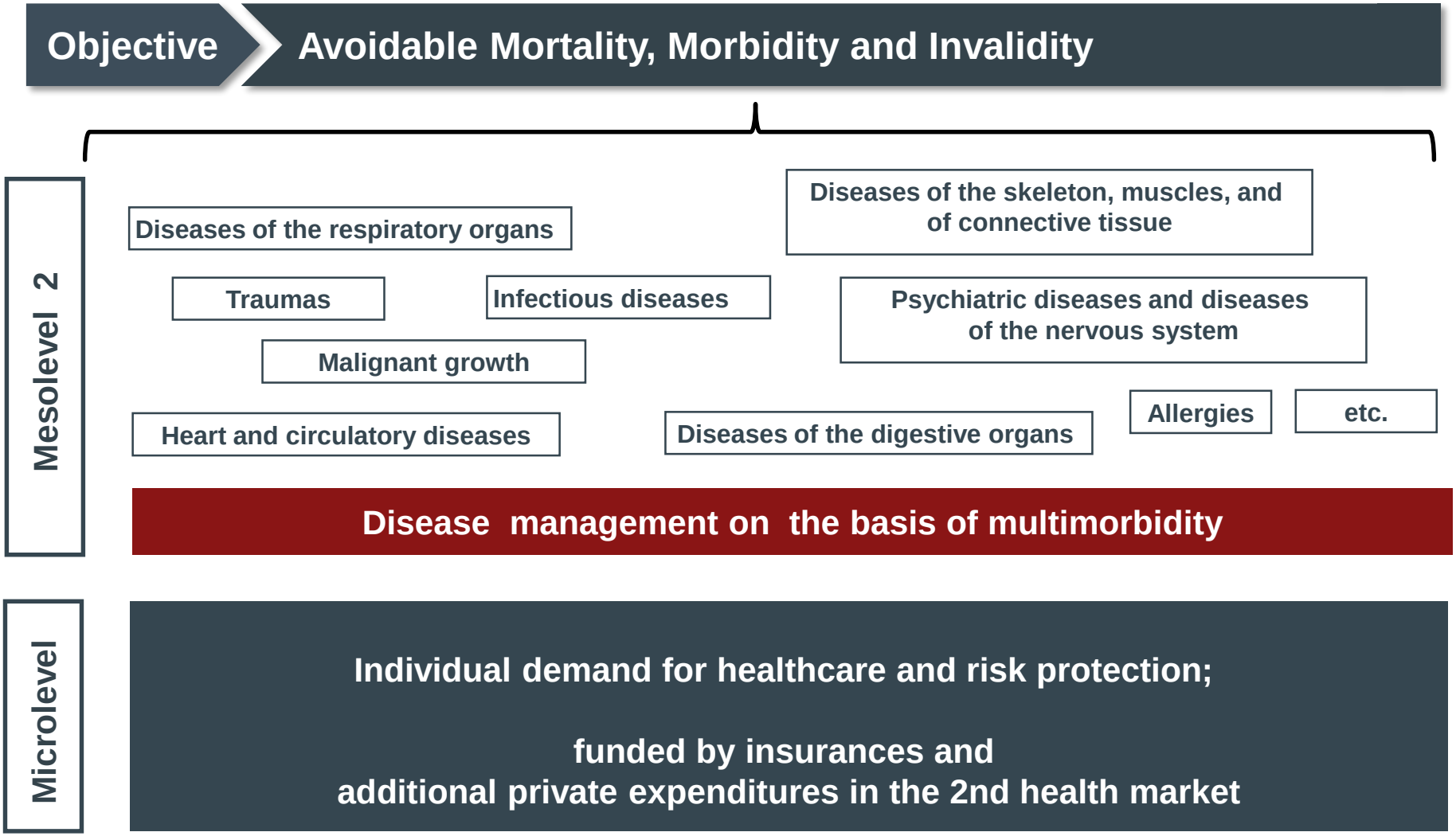
» On the basis of evidence-based-medicine (EBM), health technology assessment (HTA) and health assessment (HA)

**Solution:** An Ex-ante-Macro-Allocation of resources is indispensable!

But: through whom, which mechanism and through which institution? NICE and similar institutions? The role of competition, of ministries and of the parliament?

# Perspective 1: A functional approach by objectives

## Economic Resources – how to use them (bottom up)?



# Perspective 1: A functional approach by objectives

## From a health economic perspective

- **Mesolevel 2:** Cost-of-illness studies show us the most expensive diseases according to expenditures, life years lost etc. and are a basis for priority setting

- **Microlevel:** Empowerment of the patient. Enabling the population to enjoy a healthy lifestyle
- Freedom to choose health insurance coverage, the doctor, the hospital etc. as far as possible in a given legal framework

- **Challenge:** The correlation between health and growth (three hypotheses)

# Perspective 1: A functional approach by objectives

## A positive correlation between health and growth

### Three key hypotheses sum up these benefits

**Healthy aging** raises productivity and thus gives a supply-side boost to quality of life and growth

**Healthy aging** gives a demand-side boost by increasing private demand for non-reimbursable health-related goods and services (Secondary health market)

**A healthy society** saves money on treatment, rehabilitation and nursing care

**The fiscal impact of the secondary health market requires further investigation**

# Perspective 1: A functional approach by objectives

## Autonomy and working capacities of the elderly as a growth potential

### By reducing illness, invalidity and premature death

» Maintenance of independant life-styles (autonomy) and working capacities among the elderly;

» The private household as the health location Nr. 1;

» With a shrinking population all over Europe a healthy „grey population“ is needed;

» However, this does not exclude the importance of the young population.

# Perspective 2: Institutional approach – sources of funds

## Eight financing agents in a Bismarckian System

**Total expenditures on health, € 293,8 bn. (2011), 100%**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Private households private non-profit organi-sations | Private health insurance | Statutory health insurance | Statutory pension insurance | Social long-term care insurance | Statutory accident insurance | Employers | General government excl. social security funds |
| € 40,1 bn | € 27,7 bn | € 168,5 bn | € 4,1 bn | € 22,0 bn | € 4,8 bn | € 12,5 bn | € 14,1 bn |
| 13,7% | 9,4% | 57,3% | 1,4% | 7,5% | 1,6% | 4,3% | 4,8% |

**Forms of Financing**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Out-of-pocket payments | Risk-oriented premiums | Social insurance contributions: Employer and employees | | | Risk-oriented social insurance contributions (only employer) | Continued (sick)pay | General revenue,i.e. mainly taxes |

Source: www.gbe-bund.de

# Perspective 2: Institutional approach – sources of funds

From a health economics perspective

**Are 8 fiscal agents necessary? Are single-payer systems better?**

1. Should hospital financing (current outlays and investment expenditures) be in one hand? **YES**
2. Should statutory health insurance and long term insurance be in one hand? **YES**
3. Should rehabilitation (currently divided between health insurance and pension insurance) be in one hand? **YES**
4. Does the current „system“ of private and statutory health insurance in Germany need a reform? **YES**

# Perspective 2: Institutional approach – sources of funds

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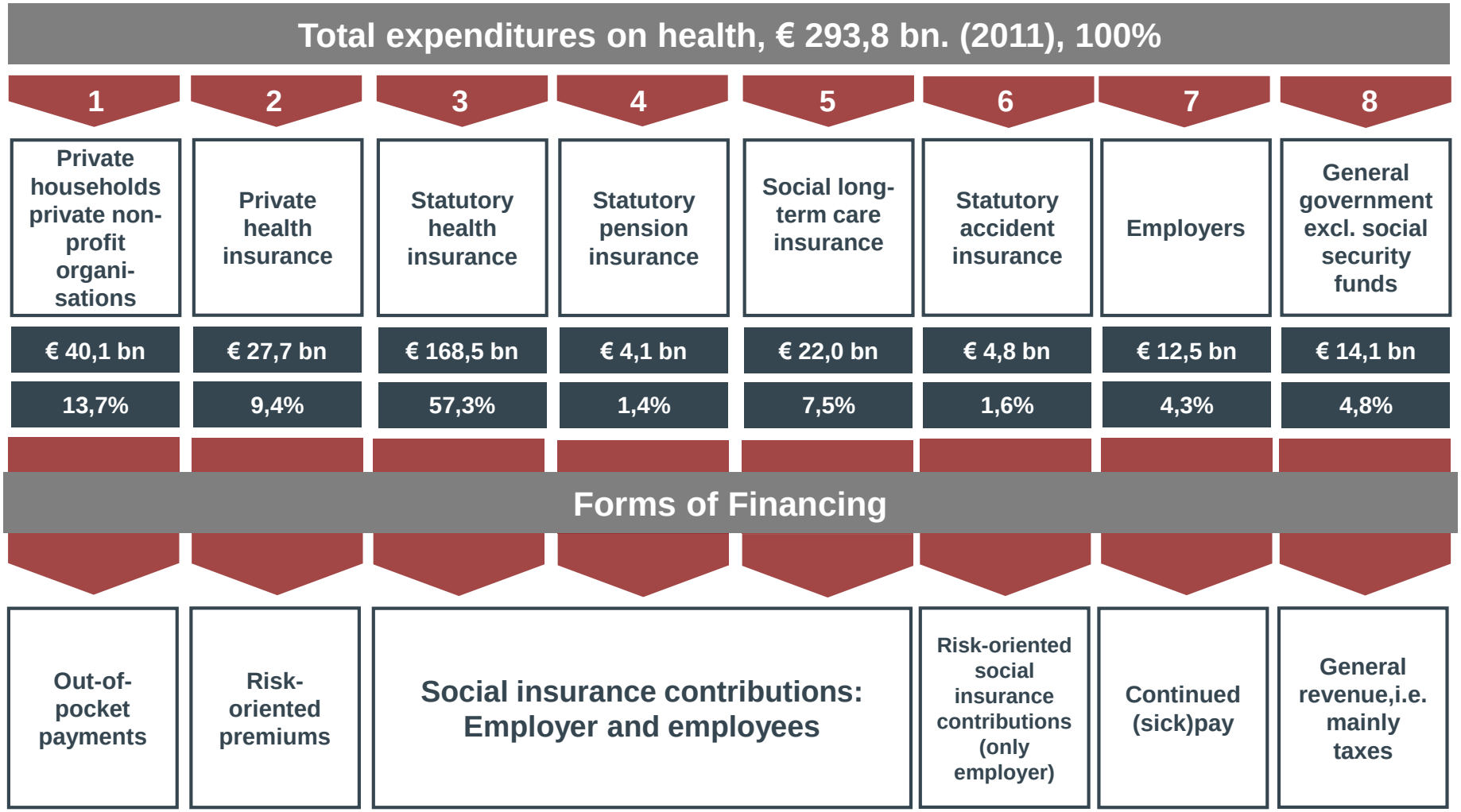


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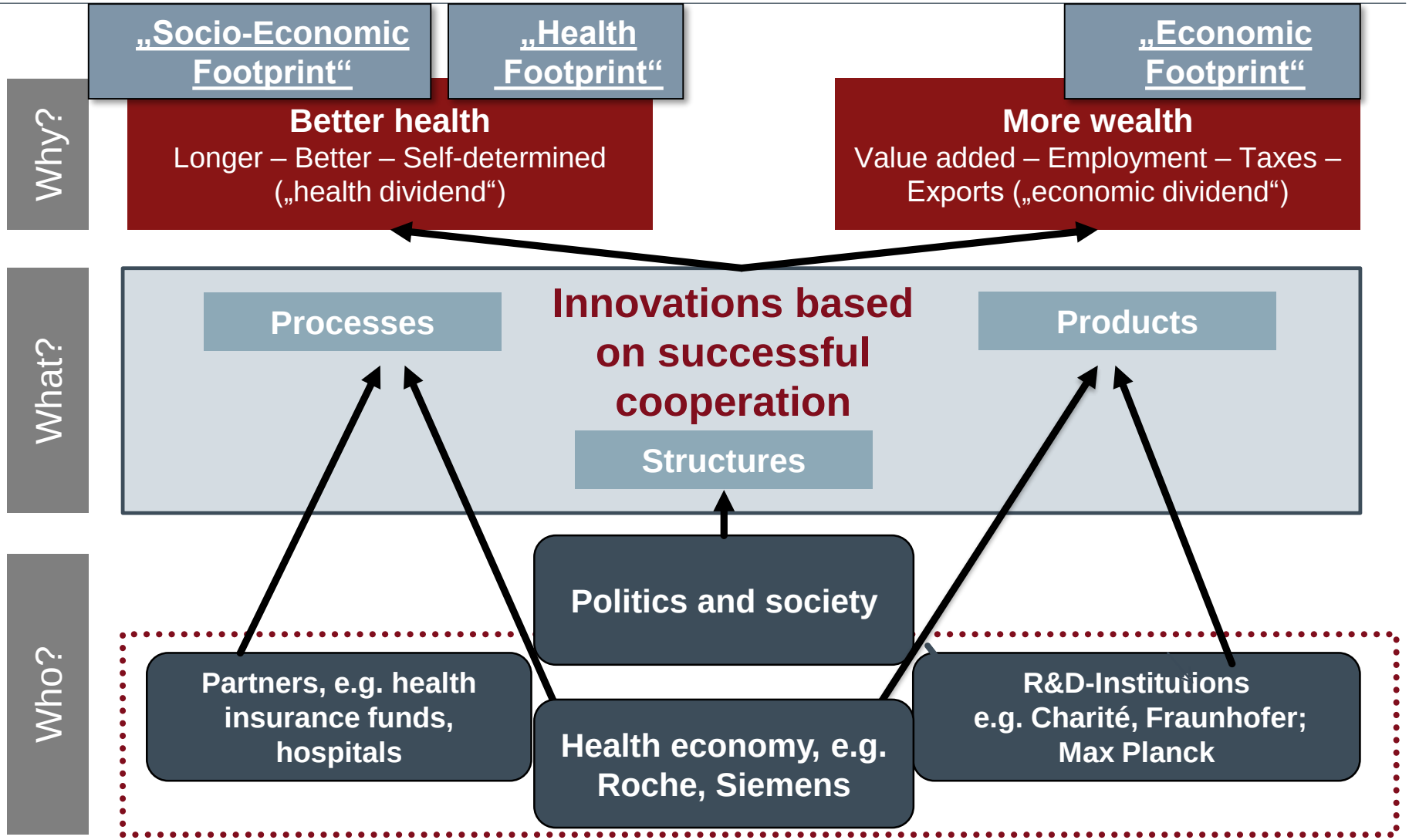
# Preliminary remarks (6)

## Health economy as a part of social and industrial policy




Source: Riederer (2015).