



Macro allocation of resources in health care: setting priorities and tools

from an economist´s perspective

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Prof. Dr. Klaus-Dirk Henke,
Technische Universität Berlin

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Macro allocation of scarce resources in health care a short introduction from a health economist

- A summary as starting point (one chart)

- Functional approach

top-down (two charts)

bottom-up (two charts)

- Institutional approach

Sources of funds (one chart)

Fiscal agents (one chart)

- Take home message: Measuring performance in health care (one chart)

Allocation of resources in health care

A summary as starting point

Perspective 1:
There is no optimal health expenditure quota and no optimal structure for health expenditures

Perspective 2:
Only a few fiscal agents are necessary

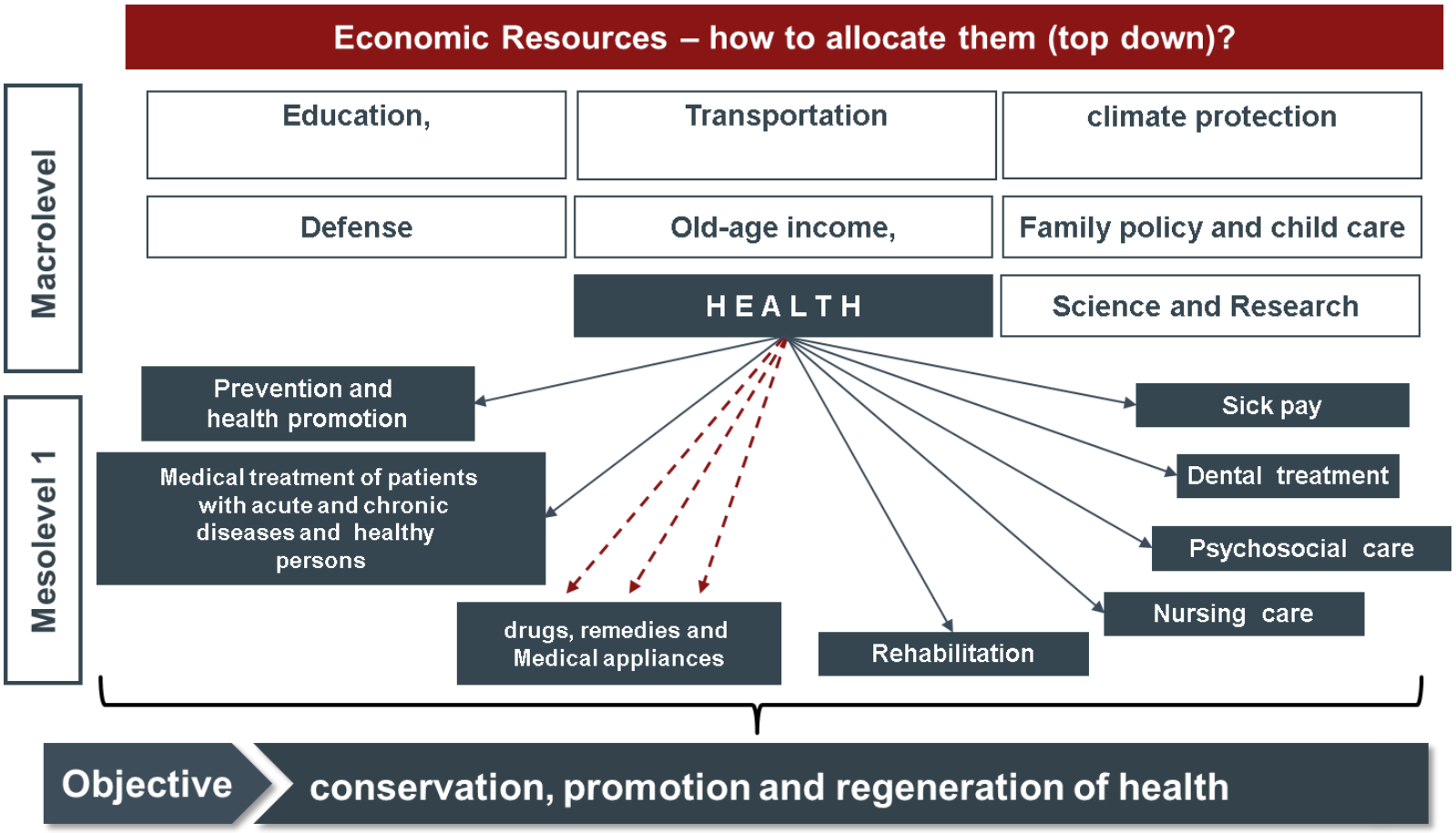
Perspective 3:
Healthcare is a major contributor to better health and more wealth

Perspective 4:
Healthy life years and everyday suitability as major objective

There is no gold standard
for balancing the competing demands
for resources in health care

A functional approach

A macro- and mesoeconomic (1) point of view



A functional approach

Macrolevel: There is no optimal Health Expenditures Quota

Mesolevel 1: There is no optimal structure within health care

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

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

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

Ex-ante-Macro-Allocation of resources are indispensable

But: Which mechanisms and through which institutions? NICE (National Institute for Health and Care Excellence), G-BA (Gemeinsamer Bundesausschuss, joint federal committee) and similar institutions?

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Objective Avoidable Mortality, Morbidity and Invalidity

A meso (2) and micro – point of view (bottom up)

Mesolevel 2

- Diseases of the respiratory organs
- Diseases of the skeleton, muscles, and of connective tissue
- Traumas
- Infectious diseases
- Psychiatric diseases and diseases of the nervous system
- Malignant growth
- Allergies
- Heart and circulatory diseases
- Diseases of the digestive organs

Disease management on the basis of multimorbidity

Microlevel

Individual demand for healthcare and protection;

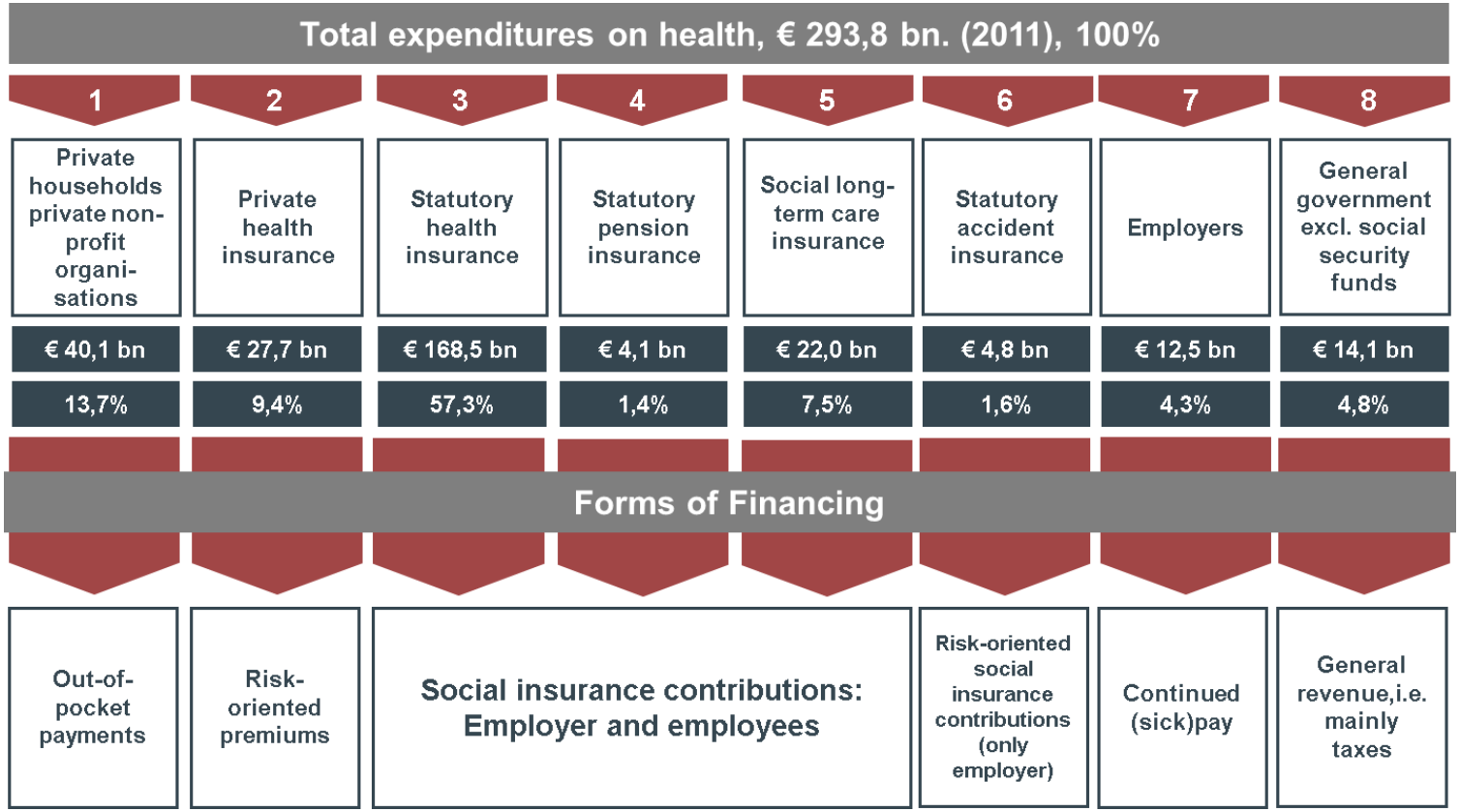
funded by health budgets, fonds and and additional private expenditures

A functional approach

- **Mesolevel 2:** Cost-of-illness studies show us the most expensive diseases according to expenditures, life years lost and are a basis for priority setting
- **Microlevel:** Empowerment of the patient. Enabling the population to enjoy a healthy lifestyle
- Freedom to choose health care coverage, the doctor, the hospital as far as possible in a given legal framework

Institutional approach – sources of funds

Expenditures and Forms of Financing



Source: www.gbe-bund.de

Institutional approach – sources of funds

More questions than answers

1. Are single-payer systems better?
2. How many fiscal agents are necessary?
3. Should hospital financing (current outlays and investment expenditures) be in one hand
4. Should statutory health insurance, and long term insurance be in one hand
5. Should rehabilitation, health insurance and pensionfunds in one hand
6. The private household as the health location Nr. 1

Measuring performance in health care

Improving value for money

1. by paying for performance; more selective contracting
2. by involving patients more in their own care
3. through a more entrepreneurial and innovative behaviour of the stakeholders
4. through evidence-based health policy
5. through a consistent basic legal framework and binding guidelines
6. through more cooperation and transparency in the health care sector

And last but not least: Health in all policies

Thus health assessment is a major scientific challenge