Principles of Health Care Economics

Production process - scarce resources, opportunity costs

Market - supply, demand, price theory

SYLLABUS OF 1st LECTURE
23. 9. 2019

PharmDr. Bc. Dana Mazankova, Ph.D

Course: Health Care Economics (FAEZ1)

winter semestr 2019-2020

Guarantor and lector of course:

PharmDr. Bc. Dana Mazankova, Ph.D.
Dpt. of Applied Pharmacy
E-mail: mazankovad@vfu.cz

Time schedule of course:

Monday (once a 2 weeks - every odd calandar week):

10.30 – 11.45 lecture
11.45 – 13.15 seminar

Place: building No 45 (Pavilon of Pharmacy II.)
seminar room No 224

Principles of Health Care Economics

- **Health Care Economics** from a Public Health point of view

- **Health Care Economics** from a Economics point of view

Application of economic theory to analysis of decision-making by:

- individuals
- health care providers
- governments

with respect to health and health care

Production process

Inputs (resources)

Production proces

Mediating factors

Outputs (goods, services)

Inputs

Outputs

Mediating factors

Resources and its scarcity

- resources are known to be limited in quantity
  = Scarce resources

- problem of scarcity of resources

Opportunity costs

= If scarce resources are used to produce a good (or service), those resources **cannot be used to produce** other goods (or services)

- expressed as:

  the benefits that would have resulted from their best alternative use

Markets

the interaction of those <u>who wish to buy</u> (**buyers**, **consumers**) and those <u>who wish to sell</u> (**sellers**, **suppliers**)

Consumers and suppliers base their buying and selling on **the price** that they have to pay or will receive.

1. Creating of supply

Supply (S) express relationship between:

- amount of produced and offered production (qantity – Q), and price (P), for which are sellers able to sell

Supply curve

„Rule of growing (increasing) supply“

2. Creating of demand

DEMAND (D) express relationship between:

- amount of demanded production (qantity – Q) a price (P), for which are buyers able to buy

Demand curve

„Rule of decreasing demand“

3. Creating of price

Consumers and suppliers base their buying and selling on the price that they have to pay or will receive.

Price therefore acts as a signal to both groups

Price (P) resultes from supply (S) and demand (D) interference and its changes reflect relationship between supply (S) and demand (D)

Creating of price