Designing the Health Care Services through dynamic CGE approach

Topic: CGE and Econometric Input-Output Analysis
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The sustainability of the Health care expenditure is a matter of concern for the policy maker especially when it
is financed by public funds. The public health care spending definitely represents one of the major part of total
expenditure for many Governments and the pro fitability of its restraint is constantly debated in the economic
literature. Indeed the "health" good can be considered as a key sector for the economy since it interacts with
the other commodities/institutional sectors and is able to activate other production processes and promote
income generation. The policy maker accomplishment should be therefore aimed at implementing a Health
care policy able to achieve a composite objective. This policy target is represented by the de nfiition of a level
of public health care expenditure consistent with the economic growth. In this perspective, we focus on the
importance of "Health care expenditure", as a good, in the income generation and analyse the impact of a
diff erent composition of the health expenditure between private and public funds and between Institutional
sectors in the economic system. Our attempt is to simulate a new allocation of Health care expenditure from
private to public Institutional sectors and we analyse its e ffects in the long run and along the income circular
flow through a dynamic Computable General Equilibrium model (CGE). The model is developed on a Social
Accounting Matrix (SAM) for USA economy for 2009 and is able to capture the direct and indirect eff ects of
any exogenous health economic policy on total production, prices and income distribution. This allow us to
validate the possibility to get in the long run both the economic growth and the sustainability of Health care
expenditure for the USA economy.

Keywords: Health care expenditure, Social Accounting Matrix, dynamic CGE analysis.

JEL classi fication: C68, H51, E17, I15, I18, D57, D58.