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 profitability 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 definition 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 different 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 effects 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 effects 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 classification: C68, H51, E17, I15, I18, D57, D58.