Health Economics

Economics

Why healthcare markets behave unlike ordinary markets.

Why the market is unusual.

Market features

- The seller advises on what to buy
- Demand is uncertain and sometimes urgent
- Insurance separates use from payment
- Entry restricted by licensing
- Outcomes hard to attribute to treatment

Consequences

- Moral hazard in utilisation
- Adverse selection in insurance pools
- Supplier-induced demand
- Cost growth above general inflation

Educational reference. Every system trades off access, cost and choice differently; none escapes the trade-off.