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RESEARCH NEEDS ON THE ECONOMICS OF HEALTH AND MEDICAL CARE IN LATIN AMERICA

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RESEARCH NEEDS ON THE ECONOMICS OF HEALTH AND MEDICAL CARE IN LATIN AMERICA *

The economic aspects of health and medical care have received increasing attention in recent years in the American countries.

In the United States, where an immense amount of statistical data is available, a variety of analyses of health and medical services have been made in an attempt to formulate optimum conditions of hospital organization, private and social insurance, and medical practice. Other studies have been concerned with costs, prices, and the financing of health care.

In Canada, owing to the wider variety of forms of organization of health care, attention has been focussed on comparisons of systems, often on a Provincial basis, and most recently the Royal Commission on Health Services has undertaken a comprehensive country-wide review of health needs and resources.

The situation in Latin America is different, and can be characterized as one of scarce resources. In many areas there are shortages of trained medical and paramedical personnel, of training institutions, and of hospital beds. There are problems of unequal geographical distribution of existing facilities. With lower real incomes per capita, the countries are short of funds for health at both the family and the government level. Vital and health statistics and basic economic statistics are often incomplete and inadequate, and in these cases the health economist

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must undertake direct investigation of problem areas to supplement official data.

Stimulated by the Act of Bogotá and the Charter of Punta del Este, the American countries are now launching an intensive drive for social and economic development, with aid from the Alliance for Progress and a variety of international and national agencies. Economic theorists have demonstrated that there is a close relationship between health and economic progress--one potentiating the other--but precise quantitative measurements have not been possible for lack of information. Information is also lacking to direct health efforts to those areas of activity which can make the greatest contribution to economic development, and to show health officials which economic development programs are likely to make the greatest demands on health services.

At the Conference on the Economics of Health and Medical Care sponsored by the United States Public Health Service and the University of Michigan in May of this year, some 80 economists met to coordinate efforts and exchange views on mutual problems of ongoing and prospective research. It was recognized that health economics fell naturally into two main areas of study--the internal organization of health care, and the relationship between health and the general economic context. In the developing countries, the latter was of greater interest.

The question of establishing rational priorities for research in the health sciences often arises. Research in health economics can answer this question in many cases. Health economists, in the words of the Michigan Conference, "are attempting to apply economic concepts and methods of analysis to problems of

health...such problems include the economic dimensions of decisions as to the allocation of resources to health improvement and maintenance, and the various methods of financing access to medical care and various organization forms through which medical care is supplied."

The subjects on which research by health economists in the Americas promises to be most fruitful are the following:

1. Provision of basic information, now lacking, on costs and benefits so as to enable cost-benefit analysis to be undertaken.

2. Study of the economic dimensions of recommended forms of health care such as integrated health services.

3. Study of the allocation of resources to health in the context of general or regional economic development programs.

In addition to answering specific questions, such studies would provide basic information for the economic analysis of the priority to be given to research among health activities and of the allocation of priorities for research among the health sciences.

The justification for a PAHO initiative in this field is that the information is urgently needed to ensure the objective and realistic establishment of priorities for health in the framework of the social and economic development programs of the Americas, and that it is not being undertaken under any other auspices.

The only study at the international level in the Americas at this time is the investigation of the economic impact of malaria eradication being undertaken by the University of Michigan under an NIH grant, with technical assistance and supplementary financing

from PAHO. The Organization took the initiative in promoting this project on the basis of Resolution XVI of the XII Meeting of the PAHO Directing Council (Havana, 1960). Resolution XXIII of the XII Meeting and Resolution XXIII of the XIII Meeting (Washington, 1961) represent PAHO's mandate from its Member Governments for further work in the field of economics.

Since health economics is still in its infancy, it is suggested that the Organization consider at this time only a limited number of pilot projects typifying the different fields of health economics research and promising to yield basic methodological information of use in later work as well as the answers to specific questions. The following three projects illustrate the kinds of work envisioned.

1. Study of cost of health services and medical care

The problem. Planning for health services in the Americas is handicapped because of the lack of comprehensive measures of the cost of health services and medical care. It is necessary to obtain information on health expenditures of ministries of health and other national ministries, social security agencies, and regional and local units of government, together with data on medical and health services provided to special population groups (the military, seamen, plantation workers, indigenous peoples, schoolchildren, etc.). Quite as important as the aggregate figures are the breakdown into current and capital expenditure and the functional breakdown into expenditures for medical care, preventive services, education, and research.

The method. The World Health Organization recently completed a pilot study of six countries in an attempt to develop definitions and standards in order to establish procedures for collecting cost

data through questionnaires distributed to governments. Simplified questionnaires are to be sent to a greater number of countries in the near future. PAHO can contribute through studies in the American Region while at the same time undertaking an "analysis in depth" that would improve the basis for health planning in the framework of the Alliance for Progress. On a pilot basis, investigators would visit each of the agencies known to provide health and medical service in three countries of the Americas, analyzing their records so as to obtain comparable information which could be combined to provide global national statistics. The research would be coordinated with that of WHO Headquarters so as to insure progress towards uniformity of definitions and procedures.

Results to be obtained. A methodology would result that could be progressively extended to other countries on a comparable basis. A full picture of the proportion of national product devoted to health and the proportion of gross capital formation representing investment in health facilities would be obtained. Comparisons with basic economic statistics (wages, consumer income, tax revenues, government borrowing) would clarify the functional relationship between economic levels and the amounts and kinds of health services utilized in American countries.

2. Study of the beneficiaries of health services

The problem. Much of the planning for the extension of health and medical services in the Americas is undertaken without full knowledge of the potential beneficiaries. Who and how many need the services? What benefits will they obtain? What alternatives exist for them?

The method. Using two or three pilot areas in American countries with well-developed integrated health service projects, sample survey techniques would be used to classify persons attending out-patient clinics, hospitalized, and otherwise benefiting from the health services by place of residence, labor force status, and occupation as well as by the conventional demographic indicators. A random sample of the inhabitants of the estimated service area would be classified by the same characteristics, by use or non-use of the health services provided, and by availability and utilization of alternative sources of health care such as clinics, hospitals, private physicians, practitioners of folk medicine, and self-medication. In formulating the survey method, advantage would be taken of the experience of the National Health Survey in the United States and of modern social survey techniques.

Results to be obtained. Data for use in comparing costs and benefits would be made available. The economic evaluation of the role of integrated health services in satisfying health needs and effective demand (i.e., what people want and are willing to pay for, as distinct from what they need) would be facilitated. Guidelines for the internal organization of integrated health services would be made available.

3. Study of health needs of economic development regions

The problem. In planning for social and economic development in the Americas, even when health is taken implicitly into account, an additional precise quantitative appraisal of the health requirements created by specific development projects, and of the way in which specific health services can potentiate economic development, is needed to guide planning.

The method. Research would be undertaken in a single major pilot development area such as the Northeast of Brazil where a national economic development agency is already operative. The economic plans would be analyzed and projections of health requirements would be made (1) at the local level for specific agricultural or industrial development projects and (2) on an aggregative basis for the development region as a whole. Surveys would be made by social scientists of the health and health care status of families, and specialists would study vector-borne diseases, zoonoses, and the environmental sanitation problems created by new urbanization and by rural development schemes. The health information would then be related to the manpower requirements of the development projects.

Results to be obtained. The study of health conditions and the manpower requirements of the development projects would lead to a series of projections of the kinds of health work that would be needed to implement the economic activities foreseen. Precise quantitative estimates would be made available of the medical and paramedical personnel and investment in health facilities required. These in turn would serve as a guide to economic development planners and to the officials concerned with planning health services and training health personnel. A general methodology would be formulated which could be applied at the local and regional level in other development areas and lead to the development of a national planning technique.

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One of the most important contributions of health economics cannot be formulated in terms of specific research projects--this

is the role of health economics as a supporting service in the design and execution of research projects in other fields. Examples are the role of agricultural economics (farm management, marketing and commodity distribution) in research in applied nutrition and the use of linear programming and other econometric techniques in research on public health administration and the organization of health services. Just as the entomologist joins forces with the physician in the study of arthropod-borne diseases, so the health economist can join forces with the other health professions and add an economic dimension to work in their special fields of interest. It is, therefore, suggested that economists specialized in the field of health services and medical care be consulted at the planning stage so as to provide an interdisciplinary approach in the formulation and, when necessary, in the execution of biomedical research.