

Chapter 2

Literature review



2.1 Health Expenditure research:

Abel-Smith under WHO auspices carried out the first major national comparative studies of health expenditures. The National Health Accounts method, used by the United States, has recently been successfully applied in several developing countries. such as 1) Mexico: A study and proposals for health sector reform in Mexico; 2) Philippines: A series of studies carried out by the University of the Philippines from 1990 to 1995; 3) Egypt: A study conducted by the Department of Planning, Ministry of Health with collaboration from Harvard University; And 4) Colombia: A background research for the implementation of Colombia's national health sector reform program.

2.2 Health Expenditure research in China:

The study on China Total Health Expenditure (CTHE) started in the early 1980s. In 1991, the China Total Health Expenditure Task Force was established, and the study on CTHE was formally taken as study project in the Network for Training and Research on health Economics and Financing (Network).

Zhao Yuxing(1997) analyzed the CTHE from 1990 to 1995, according to health financing method. The result of NTHE was analyzed and evaluated. She concluded that during this period CTHE kept a lower growth rate, but the share of private sector in THE was increasing sharply.

Du Lexun(1997) estimated the CHHE from 1978 to 1994. The CTHE to GDP in China were departed from 3% and closed to 4% step by step in 1980s. In 1990s, this ratio declined. This situation reflected shortage of total health demand and the bearability of government, community and people to the rising of medical expenditure also weaken too in China.

Li Yaqing(1997) made a report of the CTHE (1992 - 1995). The estimation method of the health expenditure used is method of provider's expenses. The characteristic of the method is to separate the health department with private health service, medicine, public health, science training & research, the increase of fixed assets and others, meanwhile, to divide the levels with: up to down of the city, district, county, township, village.

Du Lexun(1997) based his analysis on the data of CTHE 1990-1995, issued by health economic Institute of MOPH of China and based on data of CTHE in 1978- 1989, revised by the Task Force of CTHE. The Engle index and income elasticity of health service consumption were estimated.

Some mathematical model were screened from demand side to provider side.

2.3 Research on the relationship between Macroeconomics and Health Expenditure:

Behrman(1993) studied on “Health and economic growth: Theory, Evidence and policy”, to analyze a) the impact of health on economic growth, b) the impact of macroeconomic on health. He used the methodology of socioeconomic surveys, experimental studies, production function, and demand model. He concluded that:

A) health and economic growth are inherently interlined. Theoretically, health can strongly affect economic growth by various ways of:

1. direct impact of health on labour productivity;
2. indirect impact of health on productivity;
3. ther effects of better health on economic growth.

B) economic growth can also strongly affect health:

1. an effect on the expected returns on investments in health,
2. any sustained economic growth of countries in greatest need will probably be that a reduction in the discount rate will create greater certainty about the returns in all investments, including those in health,

3. effect of economic growth on health occurs through an increase in current income and thus the demand for health, for consumption goods and the capacity to auto-finance health investments,

4. effect of economic growth is therefore likely to occur through the concomitant development of markets of various types,

5. effect of economic growth on health is the expansion of governmental command over resources associated with growth.

Genberg(1993) presented a framework for analyzing the relationships between macroeconomic development and health outcomes in developing countries, and to review some of existing theoretical and empirical literature bearing on the framework. This research concluded that macroeconomic developments and policies can have significant effects on the health sector, both through the constraints they place on government health expenditures and through the demand of the private sector for health services.

Kawane, et al, (1996), made analysis on "Balancing Future Resources and expenditures in the GOB(Government of Bangladesh) Health and Population sector". The study analyzed:

a) The GOB resource envelop. It seeks to assess the financial viability of future GOB planned compares likely expenditure in the health and population sectors with estimated resource availability between 1997/98 and 2001/2002,

b) Future GOB expenditure patterns. The study examined the likely future resources available to the GOB. It updates and amends the provisional estimates introduced in the public expenditure review and discusses circumstances under which the estimates might change (did some scenario),

c) Balancing resources with expenditures. Revisit the estimates of future expenditures in the public expenditure review,

d) To highlight where resources are insufficient to meet forecast future expenditure and where there may be potential for reallocation,

e) A package of essential health services. This study considered the adoption of a package of essential health services as a way to bridge the gap between finances and needs.