

Health Care Services and economic impact: a dynamic CGE approach

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Abstract

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 economic literature constantly debates on the profitability of its restraint. 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 therefore aim at implementing a Health care policy able to achieve a composite objective. This policy target involves that the level of public health care expenditure should be consistent with economic growth. In this perspective, we focus on the importance of "Health care expenditure" in the income generation and analyse the impact of a different composition of the health expenditure between private and public Institutional sectors. This is one of the main point in the recent reform of health care system in USA and our attempt is to quantify the impacts of the announced new allocation of Health care expenditure in the long term and along the income circular flow. For this purpose, a dynamic Computable General Equilibrium model (CGE) is calibrated on the Social Accounting Matrix (SAM) for USA economy for 2009. In this database we identify the health care sectors, thus we are able to measure the direct and indirect effects of the Health Policy on the main macroeconomic variables such as total production, prices and income distribution along a period of 20 years.

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