perspective

iMedPub Journals
www.imedpub.com

Journal of Health & Medical Economics
ISSN 2481-9927

2023
Vol.9 No.1:88

Modern Health Economics Has Developed Into a Leading Interdisciplinary Science

Jackie lee*

Department of Economics & Management, Beihang University, China

***Corresponding author:** Jackie lee, Department of Economics & Management, Beihang University, China, E-mail: Lee_J@gmail.com

Received date: December 31, 2022, Manuscript No. IPJHME-23-15942; **Editor assigned date:** January 02, 2023, PreQC No. IPJHME-23-15942 (PQ); **Reviewed date:** January 11, 2023, QC No. IPJHME-23-15942; **Revised date:** January 22, 2023, Manuscript No. IPJHME-23-15942 (R); **Published date:** January 28, 2023, DOI: 10.36648/2471-9927.9.1.88.

Citation: Lee J (2023) Modern Health Economics Has Developed Into a Leading Interdisciplinary Science. J Health Med Econ Vol.9 No.01:88.

Description

The study of efficiency, effectiveness, value, and behavior in the production and consumption of health and healthcare is the focus of the health economics subfield of economics. Health economics plays a crucial role in determining how interactions between individuals, healthcare providers, and clinical settings can improve health outcomes and lifestyle patterns. Health economists investigate the functioning of healthcare systems and health-threatening behaviors like smoking, diabetes, and obesity in a broad sense. Healthcare economics is particularly challenging because it defies conventional economic principles. The third-party payer system of insurance companies and employers frequently conceals price and quality. Additionally, the Quality Adjusted Life Years, which is one of the most frequently used treatments' measurements, is extremely challenging to measure and frequently relies on unreasonable assumptions. Health economics as a field is often credited to a seminal 1963 article by Kenneth Arrow. Health and other goods were conceptually distinguished in his theory. Extensive government intervention, intractable uncertainty in multiple dimensions, asymmetric information, entry barriers, externality, and the presence of a third-party agent set health economics apart from other fields. The patient's health insurer is the third-party agent in healthcare, and they are financially responsible for the insured patient's use of healthcare products and services.

Health Economics

Both financial and patient outcomes are subject to uncertainty in health. A situation known as asymmetric information is one in which a physician has a distinct advantage over a patient due to the knowledge gap that exists between them. When thinking about health and health care, externalities come up a lot, especially in the context of health impacts like opioid abuse or infectious disease. For instance, finding sustainable, humane, and effective solutions to the opioid epidemic or attempting to avoid getting the common cold have an impact on people other than the decision-makers. Aristotle, a Greek philosopher from the third century BC, once discussed the production and exchange relationship between farmers and doctors. William Petty, a British classical economist, noted in the 17th century that workers' health and medical expenses would benefit the economy. Today, modern health economics is a leading interdisciplinary field that bridges the gap between economic theory and health care practice. The wide range of sub-disciplines and research areas is evident. The American Medical Association (AMA) was founded in 1848 with the primary objectives of scientific advancement, the establishment of standards for medical education, the launch of a program on medical ethics, and the achievement of improved public health. Few would argue that the actual cradle of this knowledge was the academic tradition of the United States. However, it wasn't until 1931 that economic issues were brought to the forefront, when the American Medical Association (AMA) established the Bureau of Medical Economics to investigate all economic issues pertaining to the medical field. In many European nations, health care costs rose at the same time, reaching 8% of GDP at the end of the 1970s and 4% of GDP in the 1950s. In terms of rate of growth, health care spending increased by 1% in many countries in the 1950s, in the 1960s, and 2% in the 1970s. It was necessary to find a means to limit the growth of this high medical and health expenditure, which posed a significant financial strain on the government, business owners, employees, and their families.In addition, specialization and division of labor saw increases, technical equipment became more advanced, and the scale of health care services expanded. The medical and health care industry grew into a "healthcare industry" that uses a lot of money and labor and plays a significant role in social and economic life. The study of health sector economic issues became a significant area of study in economics.

Economic Theory

In 1958, Selma Muskin published "Towards the definition of health economics," followed by "Health as an Investment" in four years. At the time, health care was generally regarded as a relatively expensive sector of the economy. The first understanding of health investment's long-term benefits for the community came from Muhkin's analysis. "Uncertainty and the Welfare Economics of Medical Care," written by Kenneth Arrow in 1963, is probably the most well-known and cited work in the field. A second academic seminar on health economics was held in the United States in 1962, followed by a third in 1968, as health economics research progressed further after the 1960s. The World Health Organization's first international seminar on health economics was held in Moscow in 1968. The official

formation of health economics was also marked by the convening of the three meetings, which demonstrated that health economics had entered an academic forum as a distinct field. Nursing economics gradually emerged after the 1970s, when the health economy entered a period of rapid development. In 1979, the well-known American health economist Paul Feldstein used economic principles to discuss the long-term care market, the registered market, and other nursing economy issues. This laid the groundwork for the development of nursing economics. In 1983, the United States founded Nursing Economic Magazine, and its primary research topics included nursing market development, nursing cost accounting, policies pertaining to nursing services, nursing economic management, and other topics. The publication of the magazine was a sign of the formal development of nursing economics. A systematic nursing cost study known as the NIC System was conducted in 1993 by The University of Iowa Cost Research Center. Establishing a dedicated research facility with full-time researchers, sorting through the nursing cost accounting material, and finally locating 433 items divided into six categories were all part of the specific procedure. At the same time, the Center implemented computer technology for nursing cost management, including cost assessment, budgeting, and decision making. This helped alleviate the nursing management crisis and improve nursing management efficiency.