

# Introduction, Basic concepts and definition

Healthcare policy, Management and Economics,  
Public Health, Lecture 1

George Lobzhanidze, MD, PhD  
Tbilisi State University

## Health Policy Defined

- ▶ **Health policy** refers to decisions, plans, and actions which are undertaken to achieve specific **health care** goals within a society
- ▶ They may cover topics of financing and delivery of **healthcare**, access to **care**, quality of **care**, and **health equity**

## Health Policy Defined

- ▶ The modern concept of healthcare involves access to medical professionals from various fields as well as medical technology, such as medications and surgical equipment
- ▶ It also involves access to the latest information and evidence from research, including medical research and health services research.

## Health Policy Defined

- ▶ Many governments around the world have established **universal health care**, which takes the burden of healthcare expenses off of private businesses or individuals through pooling of financial risk
- ▶ Healthcare is an important part of **health systems** and therefore it often accounts for one of the largest areas of spending for both governments and individuals all over the world

## Health System Defined

- ▶ A health system, also sometimes referred to as health care system or as healthcare system, is the organization of people, institutions, and resources that deliver health care services to meet the health needs of target populations
- ▶ Every nation must design and develop health systems in accordance with their needs and resources, although common elements in virtually all health systems are primary healthcare and public health measures

## Health System goals

- ▶ The World Health Organization (WHO), the directing and coordinating authority for health within the United Nations system, is promoting a goal of universal health care: to ensure that all people obtain the health services they need without suffering financial hardship when paying for them

## Health System goals

- ▶ As part of Sustainable Development Goals, United Nations member states have agreed to work toward worldwide universal health coverage by 2030
- ▶ Dimensions for the evaluation of health systems include quality, efficiency, acceptability, and equity

## Philosophy: right to health

- ▶ Many countries and jurisdictions integrate a human rights philosophy in directing their healthcare policies
- ▶ In recent years, the worldwide human rights organization Amnesty International has focused on health as a human right

## Philosophy: right to health

- ▶ UDHR Article 25: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, illness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

## Philosophy: right to health

- ▶ There remains considerable controversy regarding policies on who would be paying the costs of medical care for all people and under what circumstances
- ▶ For example, government spending on healthcare is sometimes used as a global indicator of a government's commitment to the health of its people

## Economics: healthcare financing

- ▶ Many types of health policies exist focusing on the financing of healthcare services to spread the economic risks of ill health
- ▶ For example, government spending on healthcare is sometimes used as a global indicator of a government's commitment to the health of its people

## Economics: healthcare financing

- ▶ Publicly funded health care (through taxation or insurance, also known as single-payer systems)
- ▶ Mandatory or voluntary private health insurance
- ▶ Complete capitalization of personal health care services through private companies
- ▶ Others

## Economics: healthcare financing

- ▶ The debate is ongoing on which type of health financing policy results in better or worse quality of healthcare services provided, and how to ensure allocated funds are used effectively, efficiently and equitably

## Public vs. Private Policymaking

- ▶ Public Policy
  - Policy that is established by the federal, state, and local levels of government
- ▶ Private Policy
  - Policy that is established by private organizations
    - For example, MCOs (Managed Care Organization), JCAHO (Joint Commission), ISO (International Organization for Standardization)

## Forms of Health Policies

- ▶ There are five main forms of health policies
  - Laws
  - Rules/Regulations
  - Operational Decisions
  - Judicial Decisions
  - Macro Policies

## Laws

- ▶ A rule of conduct or action prescribed or formally recognized as binding or enforced by a controlling authority
- ▶ Enacted by any level of government
- ▶ Can also be referred to as a program
  - For example, the Medicare program



## Rules / Regulations

- ▶ Designed to guide the implementation of laws
- ▶ Can be made in the executive branch by the organizations and agencies responsible for implementing laws

## Operational Decisions

- ▶ Operational decisions are made by the executive branch of the government as a part of the implementation of a law
- ▶ Normally these decisions consist of protocols and procedures that follow the implementation of a new law
- ▶ These decisions tend to be less permanent than rules or regulations

## Judicial Decisions

- ▶ These are policies that are created as a result of a decision made in the court system
- ▶ For example, an opinion listed in 1992 by a DHHS (US Department of Health and Human Services) administrative law judge stated that a hospital was in violation of the Rehabilitation Act Amendments of 1974

## Macro Policies

- ▶ Macro policies are broad and expansive and help shape a society's pursuit of health in fundamental ways
- ▶ Example
  - FDA (US Food and Drug Administration) regulation of pharmaceuticals

## Categories of Public Health Policies

- ▶ Public health policies are grouped into two categories
  - Allocative
  - Regulatory

## Allocative Policies

- ▶ Designed to provide net benefits to some distinct group or class of individuals or organizations, at the expense of others(?), in order to ensure that public objectives are met
- ▶ In general, allocative policies come in the form of subsidies
- ▶ Examples
  - Medicare and Medicaid policies, Federal aid to medical schools

## Regulatory Policies

- ▶ Policies designed to influence the actions, behaviors, and decisions of others to ensure that public objectives are met
- ▶ Five main categories of regulatory policies
  - Social regulations
  - Quality controls on the provision of health services
  - Market-entry decisions
  - Rate or price-setting controls on health service providers
  - Market-preserving controls

## Social Regulations

- ▶ These regulations are established in order to achieve socially desirable outcomes and to reduce socially undesirable outcomes
- ▶ Examples
  - Environmental protection
  - Childhood immunization requirements
  - No smoking

## Quality Controls

- ▶ These regulations are intended to ensure that health services providers adhere to acceptable levels of quality in the services they provide and that producers of health-related products meet safety and efficacy standards
- ▶ Example
  - FDA regulation of pharmaceuticals
  - New Pay for Performance (P4P) regulations

## Market-entry Restrictions

- ▶ These regulations focus on licensing of practitioners and organizations
- ▶ Example
  - Certificate of Need programs
  - Physician credentialing (Hospital privileges)

## Rate or Price-setting Controls

- ▶ These regulations are designed to control the growth of prices
- ▶ Example
  - The US federal government's control of the rates of reimbursement to hospitals that participate in the Medicare program

## Market-preserving Controls

- ▶ These regulations establish and enforce rules of conduct for market participant
- ▶ Example
  - US Antitrust legislation (The laws instituted to encourage free enterprise and prevent monopolies)

Thank you

Contact: [giorgi.lobzhanidze@gmail.com](mailto:giorgi.lobzhanidze@gmail.com)  
577628808

