

Health care market

[Health & Medicine](#), [Healthcare](#)



Healthcare is a complex of different kinds of services, supplies and cares which can be related to health of a person. It also includes therapeutic, diagnostic, preventive, maintenance (palliative care), as well as counseling. It also includes dispensing of prescribed medicines and their sale. (Glossary of Common Terms p. 1)

Classical concept of market, which supposes presence of the customer and the seller, who possess definite values and are ready to enter into mutually beneficial exchange, allows to examine sphere of health care as health care market of medical services (The health care marketplace p. 1), which can be divided into three sub-markets, which are mutually connected.

“ Throughout the health sector - from service delivery, consulting, financing and pharmaceuticals to biotech and genetics - the business of health care has become increasingly complex” (Health sector management p. 1) [Table 1]

1. The governmental health care market.

Governmental sector is not very big. Medical service here is examined as social good, from using of which have advantages all citizens. Economical relations between government and medical institutions are characterized as relations in favor of the third party: medical institution is a manufacturer of medical services, and the government is the buyer, whereas population of country uses those services (in case the citizens are insured, they can use medical service).

In relation to this fact, the government cannot completely estimate quality and quantity of services, which are needed by the buyer.

Population, as real consumer, cannot influence the level of payment for services and medical establishments, because demand for services from his side is not solvent.

The government also “ pays for about half the health care purchased in this country, through the national health insurance for the poor and elderly known as Medicaid and Medicare.” (Sheldon Richman, p. 1)

2. Insurance market

Sellers of medical services in the insurance market are medical institutions, and the buyers are citizens which have formal insurance. But receiving services doesn't accompanied by exchange of values between medical institutions and citizens who have insurance, - receiving of medical help is guaranteed in correspondence with contract of insurance, concluded between insurer and consumer.

Taking into account these circumstances, receiver of medical service is a person, who has insurance, but he isn't a payer for the seller- for medical institution, and he doesn't have market value, because he doesn't pay for service himself. The direct payer - the insurer - is not a participant of market relations, because he doesn't participate in processes of exchange at the health care market.

Besides division of commodity and moneyflows, health insurance market actually has no competitors in prices, because actually the process of payment and conditions of services provided is executed within the limits of territorial program by firmly established rates.

Another point that there is no competitors is that the patient from the first time of entering medical establishment chooses this medical institution and is limited in receiving medical services within the limits of that definite program of that definite medical institution, because he has a list of medical establishments, which provide service accordingly to his insurance.

We cannot not to notice one important advantage: health care insurance market differs from that of health market, which demands payment for medical services, because the person, who has insurance of such definite medical establishment doesn't need any additional money to pay for medical service, in case the disease or accident is indicated in his insurance.

Another point is that in the future, in case the patient is fully satisfied with service provided, he can become a constant patient, which uses additional services of that definite medical institution, which are not included in his insurance.

In such a way health care insurance market makes a good job for medical institutions, because in accordance with statistics, expenses for attracting of new consumer are five times more of those, which you spent for preserving the consumer you already have and who is already using your medical service.

Among the largest health insurance programs in USA is Medicare program (Medicare Program, p. 1)

3. The health care market of payable services.

The patients here are the consumers and they are ready and are able to pay for medical first-rate service, and doctors or medical institutions are the

sellers, and their interests are connected with reimbursement of expenses and getting profit. Because of constant increase of competition at this market, they create conditions for constant improving of service quality, search of new products and technologies as well as strict single-out of ineffective strategies and participants of the market.

Level of proposition depends on ability of medical institution to react flexibly on the constantly increasing demand: in order to increase or to decrease quantity of necessary services. Unfortunately, such flexibility is not always possible, because nowadays this niche of health care market occupy medical institutions, which have different forms of property, different subordination and channels of financing, so even in market conditions volume of proposed services not always depends on their actual manufacturer.

But exactly on manufacturer depends choice of that combination of directed parameters, which are called complex of marketing (service or complex of services, price, providing a service to the consumer, way of proposition and promotion of service, personnel of medical establishment, etc), manipulating with which organization tries to satisfy demands of patients in the best way and to turn income into real increase of service quality.