

# Demand in health care



Demand in Healthcare From a general economic perspective the decision or the choice to buy or purchase goods and services constitute the concept of demand. It is distinguished from necessity in the sense that people who choose to buy something are not driven by a need. This need arises when a product or a service is required without any consideration of other variables such as the price and incomes in allocating resources (Getzen, 2010, p. 173).

The principle at work in the dynamics of demand is also true in the case of healthcare: there is both a need and a demand for healthcare services. People, particularly those suffering from life threatening diseases, need treatment. Regardless of how much it costs or whether a patient can afford it with his income, the treatment is imperative. Demand is different. There are choices involved in decisions to buy services. For instance, a patient with an eye problem decides to forego an expensive eye surgery and opt to use eye glasses instead. The cost of the operation forces the patient to use a much cheaper alternative since the condition can also be remedied, at least up to a point that the condition does not lead to permanent blindness or some fatal complication.

The previous example demonstrates the so-called demand curve. According to Getzen, " the demand curve shows how many patients are willing to buy at a current price and also at other potential prices" (p. 27). The model, which shows a downward slope, depicts how more people are inclined to purchase goods and services as its cost drops down. Here, it is clear that purchase decisions or demands are determined by the price. But price, in purely economic terms, is not the only factor involved in demand. The manner by this variable factor in peoples decisions is also driven by the

concept of scarcity and value, which is determined by the quantity and quality of and need for the product or service.

In my experience, demand always figure prominently in peoples healthcare decisions. Patients are often free to choose from different doctors according to cost, value and even cultural considerations. This is because there is no scarcity of professionals. Elastic demand could emerge in this situation.

Doctors could lower their prices so that demand is stimulated. However, the choice is constrained for those doctors with rare specializations such as those in rare genetic diseases. This is also true for anesthesiologists who do not have any close substitutes (Feldstein, 2011, p. 29). There are areas wherein these specialists form a group, monopolizing anesthesia services in the process. People will ignore the cost consideration because the doctors have tremendous value being offered. Here, price increases have little bearing on the demand, making it a perfect example of inelastic demand. It is clear that value figures prominently on whether a demand is elastic or inelastic.

It is important to remember that healthcare is the same as any economic market. It involves the trading system found in conventional markets wherein participants exchange goods and services in order to better themselves. The purchase decisions and behaviors involved are governed by the rational choice theory, which entails comprehensive evaluation of cost and benefit. This is especially demonstrated in the case of demand in healthcare.

#### Reference

Feldstein, P. (2011). Health Care Economics. New York: Cengage Learning.

Getzen, T. (2010). Health Economics and Financing. 4th ed. Hoboken, NJ:  
John Wiley and Sons.