

Unit: 4. Health concepts, gossen theory, grownmar theory, importance and determinants of health, role of health in economic development, health insurance.

Health concepts:

Community, utilisation of health services, access to health services, health, illness, epidemics, birth rate, death rate, longevity, fertility, are the basic health concepts.

Gossman theory

Grossman published a monogram on Demand for health in 1972. He treated health as a capital stock. A person is born with a certain volume of this capital stock. This depletes with age. At certain level of this stock, death occurs. During high levels of capital stock, the person enjoys consumer goods and services. The person will be active in savings and investment. Individuals maximise their utility. This is subject to two constraint, Time and Income.

The shadow of health is additive function of interest rate and depreciating health stock. This model postulates a positive causation between years of schooling and health status. This is faulty.

Gossen theory

Herrmann gossen is one of the founders of marginalist ideas. In this sense, his ideas are the basics of marginalism. Regarding human enjoyment, he gave two laws.

First law of Gossen: with continued consumption of a commodity, the additional utility derived falls. This is nothing but, the law of diminishing marginal utility.

Second law of Gossen: a person consumes various commodities at a time. Then, the person would spend in a such a way to get equal marginal utility. This is the law of equ marginal utility.

Third law of Gossen: a commodity gets its value because of scarcity. A commodity is a thing, having use value and exchange value. But differences in value is due to the availability of that commodity. It is a beautiful explanation to the water-diamond paradox. Of the two, diamond is less useful and avoidable one. But its value is multiple times higher than water, which is life saving. This difference is value caused by short supply or scarcity of diamond and abundant supply of water.

Gossen has demonstrated that the human enjoyment is related to utility. The value of commodities are related to its supply.

Determinants of health

Health systems and services, physical and social environment, distribution of political power and wealth, government policies, generic features, biological features, historic-cultural characteristics are the important determinants of health.

Role of health in economic development

Health affects , Labour productivity, savings, investment, demography, national income, longevity and Human development index.

Health insurance: it became necessity after liberalisation started. The government spending on health care stagnated and is falling. This resulted in the growth of private health care. This requires payment . The people loses more than half of their annual per capita expenditure on a single episode of hospitalisation. And 40 per cent of such patients borrow or sell their assets for payment.

In such condition, comes the health insurance. Health insurance started in India in 1986.for the poorest, the Union government started MODI CARE in 2018.