

Background Medical price is one of the hotly discussed topics in health economics as it involves detailed and usually controversial assumptions to analyze it. More importantly, medical prices are highly crucial when talking about equity and social protection.

Objectives The objective of this study is to look at how health-related prices respond to and cause price movements in other goods and services markets in the Philippines in a quasi-natural experiment setting by introducing environmental shocks as instrumental variables.

Methods The study uses monthly regional prices data in the Philippines from July 2012 to March 2015. In addition, we use environmental shocks data such as monthly rainfall, number of affected people and costs of typhoons per region. These shocks are used as instrumental variables to introduce quasi-natural experiment in order to identify how prices of other goods affect health-related prices such as outpatient care price, hospital services prices and medical products and appliance prices. The following methods will be implemented: (a) Recursive Vector Autoregressive (VAR) method; (b) Instrumental variable (Two stage least squares) fixed effects method; (c) Arellano-Bond dynamic panel method.

Result Initial results reveal that health commodity group price is sensitive to changes in (a) recreation and culture commodity group price; (b) lag of health commodity group price; and (c) education commodity group price.

Conclusion The initial results reveal that health-related prices do not respond instantaneously to price movements of necessity commodities like food, water, electricity, and transportation but on service oriented industries like education, and recreation and culture.

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SENSITIVITY OF HEALTH-RELATED PRICES TO OTHER PRICES OF COMMODITIES IN THE PHILIPPINES

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