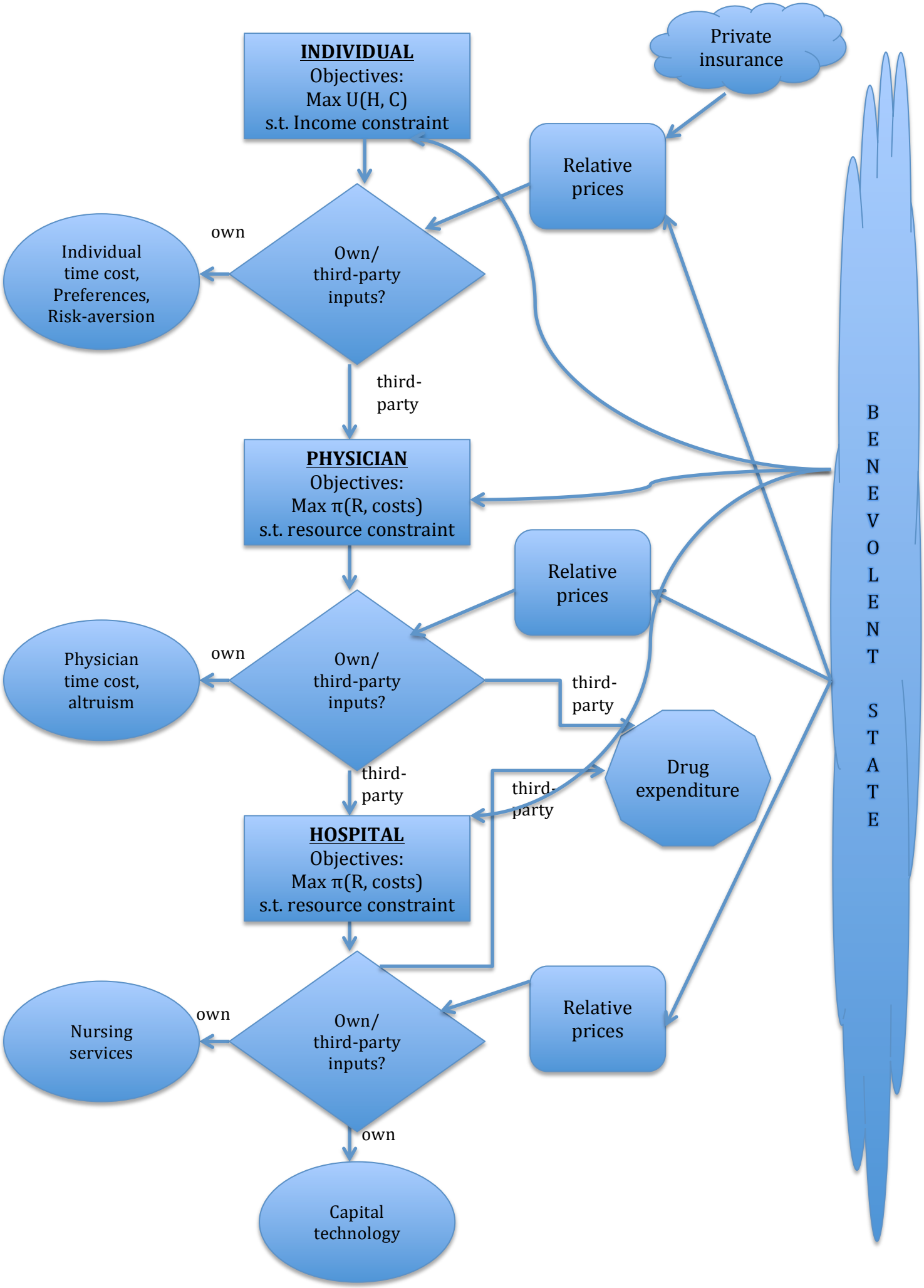
INDIVIDUAL
Objectives:
Max U(H, C)
s.t. Income constraint
Private insurance
Relative prices
Own/ third-party inputs?
own
Individual time cost, Preferences, Risk-aversion
third-party
PHYSICIAN
Objectives:
Max π(R, costs)
s.t. resource constraint
Relative prices
Own/ third-party inputs?
own
Physician time cost, altruism
third-party
Drug expenditure
third-party
third-party
HOSPITAL
Objectives:
Max π(R, costs)
s.t. resource constraint
Relative prices
Own/ third-party inputs?
own
Nursing services
own
Capital technology
BENEVOLENT STATE