

[DOI: 10.20472/IAC.2015.016.030](https://doi.org/10.20472/IAC.2015.016.030)

**MIHAELA CRISTINA DRAGOI**  
Bucharest University of Economic Studies, Romania

## **MEANS OF INCREASING ECONOMIC EFFICIENCY IN THE HEALTH CARE SYSTEM**

### **Abstract:**

Health management is permanently confronted with decisions to allocate limited resources so as to best cover health needs. Considering that the multiple types of health interventions need more than a few simple mathematical formulas, we suggested a framework methodology which can be adapted to each case by the addition of case-particular elements. Since health policy is primarily evaluated in terms of added value, we chose to measure differential efficiency through a method focused on high-interest social policies with impact on a large number of stakeholders, starting from the formula  $U_i = \Delta DE_i + \Delta IE_i - C_i$  (where  $U_i$  - utility of a certain health action  $i$ ,  $DE_i$  - direct efficiency of that action,  $IE_i$  - indirect efficiency and  $C_i$  - the cost of implementing health action  $i$ ).

This framework can be the basis for decision management in the health sector, aiding in the selection of a set of actions with maximal economic efficiency from the complete list of possible actions gathered, which fit in a given expense and investment budget.

By weighting the socio-economic losses determined by illness treatment and deaths with the benefits obtained by investing comparable sums in health policies with quantifiable positive results, we find advantages at both individual and national level, through a reduction in national income loss due to states of illness, temporary or permanent work disabilities, or death.

With the proposed method, efficiency can be calculated for any health policy so that, under resource constraints, maximum effects are obtained in improving or maintain a given population health state. We deem such an approach extremely useful, because estimates of efficiency can be a primary criterion for the prioritization of action in a set time frame.

Considering that the financial resources of the Romanian health system do not allow for the simultaneous initiation and execution of the multiple interventions and policies required to meet WHO objectives, those that generate increased efficiency could be applied first and the less efficient delayed.

Besides the economic efficiency of a health policy with extensive population coverage, psychological effects are also obtained, classifiable as effectiveness indicators. Mental comfort and the welfare created by avoiding the illness of a family member are impossible to quantify, but are reflected in better focusing and work capabilities.

### **Keywords:**

economic efficiency, health management, prioritization, health resource allocation

**JEL Classification:** H51, I18