

ASPECTS OF THE ECONOMIC ASSESSMENT OF HEALTH CARE

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Abstract

Since its establishment as a stand-alone science, management has registered a broad process of extending its applicability. A natural consequence of this evolution is also the gradual maturation of the managerial, scientific elements, in a vast field and not infrequently or unpredictably, such as that of health.

The management of public health services has a high degree of complexity and is in a process of continuous transformation, which is the subject of the employment of the employees of the sanitary establishments and the institutions related to them.

Economic evaluation is only a technical tool that can underpin decision making, it cannot replace the logic, responsibility or risk associated with the decision-making process in the health sector.

Keywords: health services, demand, offer, market, economic evaluation

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INTRODUCTION - ELEMENTS OF HEALTH ECONOMICS

Sanitary establishments need visions for the future, and staff must be motivated to adapt to qualitative and quantitative requirements, which are constantly increasing. A robust managerial competence requires a successful takeover of responsibility in new areas of activity, where **knowledge and interdisciplinary experiences are required.**

Health Economy:

Helps decision makers to achieve health policy objectives (overall health policy objectives have objectives to improve health, equity and are often controversial);

Studies how health care and behaviour of those related to the medical act are produced and provided (patients, physicians, decision makers);

Answer the questions: what medical services should be produced; how to produce; to whom to be granted.

In Romanian specialized legislation, the term of health care does not have a standard definition. Under Title I, chapter V of Law No. 95/2006 on health reform, the types of healthcare that are carried out under the Public health assistance system are directly defined.

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The definition of the medical care term is given by art. 3 lit. (a) of Directive 2011/24/EU of the European Parliament and of the Council on the application of patients' rights in cross-border healthcare, published in OJ L88/04.04.2011, as follows: Healthcare is the health services provided to patients by healthcare professionals, for assessing, maintaining or restoring their health status, including prescribing, releasing and supplying medicinal products and medical devices.

The demand for health services presents particularities with respect to demand in other sectors of the economy. So the way people interact with the health sector is different from how they interact with other sectors, for a number of reasons:

- Calling on health services is not something we do with pleasure;
- We cannot know in advance what health services we will need and when;
- Medical interventions may have unexpected consequences;
- Doctors advise patients what services they need and when they need them and provide them with these services;
- When they make decisions, people can be so sick that they are not able to make proper decisions.

Demand for health care: it is influenced by how much health is appreciated as a value; we buy access to health services (health cannot be "bought" or "sell" as other goods and is unpredictable); varies with the value of the service and the income of buyers.

The demand for healthcare services and their related activities consists mainly of the active/non-active population. Healthcare services and related activities are substitutable according to: type of medical unit; work carried out within the medical establishment; typology of medical services rendered.

As regards the ability of health services to meet the needs of consumers, we mention that this sector is regulated, both in terms of the quality of the services offered and in terms of the conditions for their deployment.

The price of health services is a price determined by:

- **The market**, in the case of healthcare services and related activities, insured in private establishments that do not have a contractual relationship with the Health Insurance Fund, but also in the case of public establishments, when they have the legal possibility to pursue activities of economic nature;
- **Negotiation** by healthcare providers and related activities with health insurance companies.

The offer in the case of health services is made up of establishments carrying out medical activities, irrespective of the way of organisation, the capital involved or its adresability. The offer of health services is substitutable according to:

- The type of medical unit;
- The work carried out within the medical establishment;
- The typology of the medical services rendered – for the insured and for the uninsured people.

The Romanian health services market manifests itself as non-competitive/imperfect.

Of the weaknesses of the health sector we mention:

- Few suppliers, the decrease in the number of public hospitals;
- Underfunding the health system;

- Lack of qualified personnel, generated by its migration from the sector;
- Heterogeneous products/services;
- Transfer of sanitary establishments to local public administrations;
- The difficult access of rural persons to medical services;
- No compensation for insured persons who have not benefited during a period of time of paid insurance;
- Payments made by patients in exchange for services which should be free of charge by the public nature of the system;
- Outsourcing of medical/non-medical services, which can be carried out within the public sanitary establishments, including by involving local public administration authorities.

Health services have a strong impact on the state of health of the population and on economic development.

2. ECONOMIC ASSESSMENT OF HEALTH CARE

The Economic assessment of health care is a way to provide answers to the three basic questions of the health economy: what services should be produced, in what way and for whom.

The first step in addressing this topic is defining the terms of effectiveness and efficiency.

Effectiveness is the degree to which a particular activity produces the results expected from it (regardless of the resources used).

Efficiency involves not only addressing the results of an activity, but also of the resources used; there is a technical efficiency that is intended (as a result of an activity) to produce expected results using as few resources as possible, and an allocation efficiency, in which resources and results are used in the best way possible as to result in a maximum of welfare.

Health care assessment can be divided into two parts:

- An assessment of the effectiveness of those health care (or an assessment of clinical efficacy),
- An assessment of efficiency – which implies taking into account both costs and benefits and other types of effective health care.

The assessment of clinical efficacy is not subject to economic evaluation, but is the basis of evidence-based medicine. What is to be remembered about effectiveness and efficiency is that a study should not be initiated to assess the efficiency of interventions, without prior demonstration of the effectiveness of those interventions.

Economic evaluation is important because it seeks to answer the question of how to use limited resources in the face of unlimited needs and desires. It is an explicit way that can underpin the allocation of resources, process which, most of the time, is conducted using the methods known as: "So we did the last time", etc.

Economic evaluation is the process comparing two or more alternatives from the point of view of the resources consumed and the results obtained. It therefore implies two indispensable sides: on the one hand, analysing at least two alternatives, and on the other hand, simultaneously analysing both the costs and the results obtained.

The process underlying an economic assessment is that of identifying several alternatives, then studying each of them (what resources are needed and what the results are achieved).

Table 1 Types of costs and consequences used in economic evaluation

Costs:	Consequences:
I. Organisational and operational costs in the health sector	I. Changes in health status (physical, mental, social effects)
II. Costs related to patients and their families: Payments from your pocket Other resources used by the patient and family for treatment Time of absence from work Mental costs (pain, anxiety, etc.)	II. Changes in the use of resources (benefits): For the functioning of health services: Related to the original disease Related to other diseases For the patient and his family: Savings or more free time Saving the time of absence from work
III. Costs related to externalities	III. Changes in the quality of life of the patient and his family (usefulness)

In practice, four types of economic assessments are used:

- Minimising costs;
- Cost-effectiveness analysis;
- Cost-utility analysis;
- Cost-benefit analysis.

Cost minimization analysis is the simplest type of economic evaluation and assumes that the results of interventions are identical. In this situation, because we have the same consequences we identify and analyze only the costs involved in each of the alternatives. The distinction between a cost analysis and a cost minimisation assessment is that in the second situation, all the consequences must be highlighted and shown that the differences between the results of alternatives are non-existent or irrelevant.

Cost-effectiveness analysis allows comparison of several alternatives that achieve the same objectives, but to a different extent. The essential condition for carrying out such an assessment is that the benefits are expressed in the same unit of measurement. In cost-effectiveness analysis, the consequences are expressed in "natural" units, most commonly in years of life earned or avoided deaths.

Cost-Utility analysis - the consequences of interventions are measured by the usefulness generated by each of them. The usefulness refers to the value that is given to a specific state of health, and can be measured by the preferences of individuals or society for each particular state of health. This economic evaluation technique has the great advantage that it seeks to assess the consequences of alternatives and in terms of post-intervention quality of life.

Cost-Benefit analysis - in this type of analysis both costs and benefits are expressed in monetary terms. It is a fairly rare analysis, due to the difficulty in assessing the consequences in monetary terms. The advantage of the method is that

any interventions, regardless of the type of results, can be compared. The great disadvantage of the method is that of appreciation in monetary terms of the consequences. After identifying costs and benefits, the results of the assessment can be expressed through a cost/benefit ratio or a difference in benefits minus costs.

The importance of the economic evaluation:

- Health expenditures have an upward trend;
- The activity of the health sector depends on the quality and number of staff employed;
- Resources are limited and increasingly complex services;
- Macroeconomic instability affects the health system.

Limits of the economic assessments:

- There are differences in perception and preferences of categories which are not taken into account when generalizations are being done;
- Lack of the accuracy of data;
- Financial forecasts are imprecise;
- The subjectivity of beneficiaries, but also evaluators.

CONCLUSIONS

In all economic evaluations, resources are expressed through the costs involved. What separates the different types of economic assessments is how to express and measure the consequences of the interventions analysed.

The priority mission of any sanitary unit, whether public or private, must remain the improvement of the patient's health, even if the financial profit obtained cannot be maximum.

For the purpose of fulfilling the mission of the sanitary unit, a main role has the manager, who is actually trying to identify that something that makes the organization's resources transform into results. We often tend to believe that the manager's most important role is to make decisions. Every manager tries, and sometimes manages, to be effective. For a manager, as for any other person, being effective means understanding and fulfilling the tasks that his work entails. Those who want to improve their work, need to review both their effectiveness (it means doing exactly what you need to do) and efficiency (means the most economical use of resources). Practice has proven that from a manager time, verbal communication occupies 80%.

Communication - is the process of transferring ideas and information from one person to another and constitutes an important task of the manager. It is important because employees want and need to know what is happening within the organisation in order to be able to carry out their work properly. As important as communication is also motivation; the process by which managers determine employees to work very well, giving them reasons for it.

So management is a process whereby work is done-well, on time and within budget-through others.

In the not very distant future, only sanitary units that change their strategies properly will be able to survive. New socio-political developments together with future market trends need to be researched, evaluated and involved, through planning, in medical work.

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