

Economic Role in Health Sector

Adel Pinda*

Department of Economics, University of Dar Es Salaam, Dar Es Salaam, Tanzania

Description

Planning for the health sector raises a number of unique and tough concerns. Unlike other sectors, the health sector has no trade-offs since it deals with extremely delicate topics like illness treatment and prevention, both of which involve human lives and have ramifications for human resource development. Furthermore, the trend toward deregulation and market orientation, as well as the way projects are selected, created, and evaluated is changing as a result of privatisation. In this developing environment, the justification for public participation must be compelling, whether in investment projects or policy areas such as regulation, incentive systems, capacity building, and good governance. Similarly, a viable alternative to public provision must be provided.

The typology of health-care projects adds another element of complication. Initiatives in the health industry are diverse, necessitating different approaches to different sorts of projects. Such complication may necessitate more project planning resources. Furthermore, economic gains in health-care projects have been difficult to quantify methodologically until recently, and some of the key input data have been lost.

The true impact of project money may have nothing to with the scope of work being proposed in many scenarios. Governments may have planned to complete the projects eventually, and the cash flows from the loan essentially allow them to afford another project one they consider least significant. Regardless whether the project is appraised, the one that is legitimately funded is the one who is funded.

A public delivery bias may result from the failure to analyse the distortionary cost of financing. When the public sector is just as good as the private sector at offering the services, if there are no market failures, the distorted quantity of investment suggests that it is more expensive. It is more cost-effective to engage the private sector, or at the very least to recoup the entire cost of delivering the service.

Economic analysis techniques have been promoted more widely in health sector projects as a result of the general scarcity of investible resources and the increased squeeze on public expenditure. Economic analysis techniques are used to look at priorities and options in a more systematic way, as well as to increase efficiency. Within existing health sector activities, in the allocation and use of scarce resources Scarcity of resources and competing needs are the parameters that drive an economic analysis framework. Economic analysis establishes a framework for comparing the resources (costs) used in a given intervention to the expected outcome. Conducting a thorough sector review is crucial to a successful project economic analysis. Good projects are usually developed in the context of a country's health sector analysis.

Monetary valuation of health benefit through reduction in mortality and morbidity as a result of a health project is known to be very difficult. There are various possible approaches, however the most popularly known approaches are the human capital approach and willingness-to-pay approach.

When it becomes difficult to value health benefits/outcomes in monetary terms, owing to the inherent difficulties of evaluating health benefits, a cost-effectiveness-to-health-outcome ratio, such as HYLG (Healthy Years of Life Gained), based on weighted and discounted cost per unit of health outcome, would be used.

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*Address for Correspondence: Adel Pinda, Department of Economics, University of Dar Es Salaam, Dar Es Salaam, Tanzania; E-mail: piadil12@gmail.com

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