Economic Dynamics of Health Care Delivery Models

Your Name

Institution

Economic Dynamics of Health Care Delivery Models

# Section A

We are provided with 2 million dollars for business improvement. This fund will be used in upgrading office equipment. Cost-benefit analysis cost of direct and indirect expenses, then the expenses are compared with the benefit. Moreover, if the project is justified, the decision of starting a project is finalized (D Pearce, 2006).

## Step 1 Assign a monetary value to both direct and indirect costs.

### Direct Cost

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr.No** | **Equipment** | **Unit cost** | **Number of Units** | **Total cost** |
| 1 | functional desk | 500 | 240 | $120,000.00 |
| 2 | Chairs | 100 | 720 | $72,000.00 |
| 3 | Cabinets | 200 | 480 | $96,000.00 |
| 4 | Shelves | 375 | 480 | $180,000.00 |
| 5 | Table for conference room | 1200 | 3 | $3,600.00 |
| 6 | Projector | 1000 | 3 | $3,000.00 |
| 7 | cubicles | 700 | 180 | $126,000.00 |
| 8 | Computers | 1000 | 240 | $240,000.00 |
| 9 | Printer | 800 | 60 | $48,000.00 |
| 10 | Scanner | 250 | 240 | $60,000.00 |
| 11 | Fax machine | 750 | 24 | $18,000.00 |
| 12 | Phones | 100 | 220 | $22,000.00 |
| 13 | Whiteboard | 100 | 18 | $1,800.00 |
| 14 | Security system | 6400 | 1 | $6,400.00 |
| 15 | Internet connectivity | 8100 | 1 | $8,100.00 |
| 16 | Paper shredder | 375 | 40 | $15,000.00 |
| 17 | Copier | 1400 | 12 | $16,800.00 |
| 18 | Lights | 20 | 500 | $10,000.00 |
| 19 | Central air conditioning | 60000 | 1 | $60,000.00 |
| 20 | Refrigerator | 970 | 6 | $5,820.00 |
| 21 | Microwave | 480 | 4 | $1,920.00 |
| 22 | Lab | 200000 | 2 | $400,000.00 |
| 23 | Van | 60000 | 4 | $240,000.00 |
| 24 | Miscellaneous |  |  | $245,560.00 |
| total | | | | $2,000,000.00 |

### Indirect cost

Indirect cost includes delivery of these products and some additional cost that may arise which are not catered in the above table. These expenses will be covered in miscellaneous.

## Expected Benefit

Making improvement in office equipment will be very beneficial to the organization. Some of the benefits are written below:

1. Expansion and outreach
2. Increase efficiency
3. Saving time
4. Cost effective in the long run
5. One-stop solution for HIV patients

## Cost and Benefit Comparison

|  |  |
| --- | --- |
| Total direct indirect cost | = 2,000,000 $ |
| Anticipated benefit in 6 years | = 3,750,000 $ |
| Profit | = 1,750,000 $ |

## Make a Decision

Upgrading office equipment provides a positive rate of return in the long run. According to the financial and economic analysis of this up gradation project, the payback period of this investment will be 5.7 years.

# Section B

We are provided with 8 million $ for preventive services. The program will facilitate 4000 residents. The fund will be spending us the period of 2 detail of which is given below:

|  |  |  |
| --- | --- | --- |
| Sr. No. | Programs details | Cost |
| 1 | Seminars | $1,370,000.00 |
| 2 | Workshops | $97,000.00 |
| 3 | Sex education campaigns | $250,000.00 |
| 4 | broachers | $500,000.00 |
| 5 | therapy | $678,000.00 |
| 6 | purchasing condoms | $400,000.00 |
| 7 | media marketing | $2,300,000.00 |
| 8 | Mobile labs | $1,000,000.00 |
| 9 | pother prevention kits | $575,000.00 |
| 10 | Pay expert speakers | $100,000.00 |
| 11 | Miscellaneous | $730,000.00 |
| Total | | $8,000,000.00 |

By initiating this project, the outreach of the organization will increase.

# Section C (HIV Testing)

Sooner a patient realized that he has HIV, sooner he will start his treatment. HIV testing services ensure that the diagnosis is right (DR Holtgrave, 1995). The HIV testing is effective in identifying the victim which may have HIV and may not know about it. HIV identification can limit the disease from further escalating in society. Moreover, timely treatment can also control the spread of disease and its effects on the patients.

# References

D Pearce, G. A. (2006). Cost-benefit analysis and the environment: recent developments.

DR Holtgrave, N. Q. (1995). An overview of the effectiveness and efficiency of HIV prevention programs. *Public Health*.