

Cost element structuring

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Cost elements structuring in healthcare Affiliation: Purpose of Cost Element Structuring

Cost element structuring according to Dunn (2008), is a procedure used for classifying and describing all the costs which are incurred when establishing and operating a program in a given sector. The procedure is in the form of a list which contains information on the needed items like the equipment, supplies, expenditure of the resources among others (Dunn 2008). The cost element structures contain two major costs: direct and indirect costs. The direct costs have fixing costs, investment costs and maintenance or operating costs, while indirect costs have costs dealing with degradation of the environment and disruptions of the social institutions.

Appropriateness of the tool/method

The costs in health care are not fixed and hence a list cannot be made of the necessities in advance. Health care resources, supplies and equipment are bought when need arises for example when there is a major disaster. Buying them in bulk in advance may cause lead to a lot of them being wasted due to expiration. Hence this procedure is not so effective when it comes to the health care sector.

This tool may come in handy in the health care field only when permanent machines like the dialysis or x-ray machines or other such like machines. However, these are long lasting and hence only purchased once. The other requirements in the health centres and hospitals include drugs, bandages among others and which frequently required hence the cost element structuring cannot be applied in this setting.

Discussion point

An interesting research by Meyer, et al (2004) on hospital quality concluded <https://assignbuster.com/cost-element-structuring/>

that there are only four key requirements of producing a quality hospital care; these are having the right culture, right people, the right processes and tools. All these are supplemented by the external forces and resources (Meyer et al. 2004). There is no mention of having the right list of procedures for better health care, hence raising the question of are the above mentioned elements really the only ones important in health care or is cost element structuring in health care a necessity too? This raises a debatable topic among the stakeholders in the health care field.

References

- Dunn, W. N. (2008). Public policy analysis: An introduction. (ed.). New Jersey, NJ: Pearson/Prentice Hall.
- Meyer, J. et al. (ed.). (2004). Hospital Quality: ingredients for success-overview and lessons learned. London, LN: The Commonwealth Fund.