

Slp: consumer driven health care



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April Consumer Driven Health Care Consumer driven health care originated in the United States around 1990, whose aim was to engage clients directly when dealing with their healthcare issues concerning medical purchases. President George Bush signed the Medicare Prescription, Improvement, and Modernization Act into a law, in 2003. This paved way for the expansion of medical savings accounts, and implemented tax incentives that aimed at encouraging clients to adopt the high-deductible health plans. The health savings accounts in bank provided a tax-free interest to the clients, such that, they could withdraw cash to cater for healthcare without been charged interests. Normally, consumer driven healthcare (CDHC) is designed to reduce spending on health by providing a financial incentive for clients so that they can choose their desired healthcare. Every member of CDHC is allowed to use a personal health savings account or health reimbursement arrangements, used to pay for medical expenses directly. The health reimbursement arrangements are funded by an employer, hence enabling his employees to receive tax benefit. However, as a strategy to encourage American citizens to choose the healthcare system, the government offered the system a boost in 2003, which would provide an incentive to the people who chose the system. Generally, the consumer driven healthcare focuses on allowing the consumers to control their health care decisions, supplying the consumers with the appropriate information needed, inclusive of financial incentive and benefits to improve on personal involvement of the consumers. Finally, it enabled the consumer to have a purchasing power and be able to make decisions on his or her own (An introduction to consumer driven health care, n. d, pp2). Will healthcare become affordable for

Americans over the long term as a result of Consumer Driven Health Care (CDHC)? Why or why not? According to Rosenbloom, “ consumer driven healthcare is the newest entrant in employer’s struggle to provide health care to the employees and their families, which both the employee and employer can afford” (Rosenbloom, 2005, pp 197). Many employers in the United States offer consumer driven plans or high deductible plans that involve both the employees and their beneficiaries in health care issues. Normally, employees receive health reimbursement funds from their employers that are used to pay for medical services. With a health reimbursement account inclusive of a consumer driven plan, patients have covered conditions that a traditional insurance could not have allowed since it considers them unnecessary. Since health savings accounts are tax free for employees, they are convenient in cases whereby an employee needs to withdraw cash for medical expenses. This definitely proves the advantage of such accounts inclusive of a consumer driven health care plan that enables a consumer to have a choice and save on costs. However, according to Herzlinger (2004 pp 74), a flawed health insurance leads to inadequate coverage for patients, and unhappy consumers and providers. Such problems are caused if perhaps employees do not have incentives to trade with resources. Employees can be offered few health insurance with the provider’s choices, though they only have minimum information on their choices. The author further explains that for the consumer health care plan to be effective, employees must be allowed to shop for the health insurance, have a choice that suits them best, and forward the information to their employer, who is required to comply with the request by ensuring that his employees are well covered medically. Secondly, employers can present

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different options for employee's insurance that differ in types of benefits and methods of payments, this creates freedom of choice for the employees.

Consumer driven health care aims at creating of highly differentiated health care plans. According to Herzlinger (2004 pp 78), most employers implement a consumer driven health insurance through engaging external insurers that offer differentiated policies at fixed price; mostly insurers normally design policies that attract patients. Nevertheless, according to Timothy (2005), the main reason as to why health costs are too high is that American citizens mostly insured generously, despite lacking the freedom to purchase their own health care as they purchase other items, thus having to make decisions on what to settle for. The consumer driven health care is designed to allow consumers to be cautious on the health costs, thus settling for only what they can afford. Hence, if consumers start making their own decisions on what to purchase in terms of medical services, the medical practitioners and professionals will be forced to lower their prices to be at a competitive advantage in the medical market. Therefore, medical costs will reduce thus being affordable to every American citizen. Imposing of high deductibles in CDHC is an effective way to attracting patients into becoming consumers. Consumer driven health care encourages the implementation of health savings accounts, which ensure that there is sufficient money to cover any arising medical expenses. It is however clear that as time goes by, health care will be much more affordable for Americans because of consumer driven health care, which has brought about the freedom of consumer's purchase decision. Conclusion A consumer driven health care plan is effective for a country to adopt since it guarantees one the freedom to decide on his purchases medically. In addition, it involves a low cost

preventive care, a high deductible health insurance plan, a health account that can cover expense that may not be covered by insurances. It also provides consumers with information that assists them in consulting for quality medical services at low costs. References An Introduction to

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