

# Unit 2 discussion board



**ASSIGN  
BUSTER**

Unit 2 Discussion Board Introduction: Medicaid is the given to the joint and voluntary initiative between the federal and governments that aims at providing health insurance coverage to the economically backward, disabled, and elderly impoverished citizens of the United States of America. Medicare represents the Health Insurance Program that targets citizens that are of the age of sixty-five years or older, some of the disabled citizens below the age of sixty-five, and citizens with permanent kidney failure that requires treatment through dialysis or kidney transplant.

What are the three most significant challenges facing the healthcare system due to changes in financial mechanisms?

The first and foremost challenge that the healthcare systems and its changed financial mechanisms face is in the arena of finance itself. The cost of healthcare as it stands, remains one of the largest components of the economy of the United States of America, and the alarming aspect is that it is rising faster than the rate of inflation. Through Medicare and Medicaid the healthcare systems aims to provide relief to certain disadvantaged segments of citizens of the country. This responsibility of the government is only going to increase in a huge manner due to two factors that will have a severe impact on the finances required. The first is that the population in the country is aging, and the number of people above the sixty-five years barrier is increasing, as a result of the increased life expectancy. Coupled with this is the dramatic advances in medical technological and medical treatment procedures, which comes at a high economic cost. Finding the financial resources to meet the rising demand, and escalated costs of medical treatment is going to be challenging for the governments involved. (Ericson, G.)

The government has tried to address the issue of finances facing the healthcare system by a two-pronged effort, which has led to its next two challenges. To reduce the financial burden on itself, the government has tried to increase the insurance coverage among the population. Nearly two-thirds of those that have no medical insurance are from low-income families. A large percentage of these are from either minority communities or are young adults. In addition it is seen that employers do not provide medical insurance to many low-income workers. Business enterprises are averse to taking on additional financial burdens in terms of medical insurance for all their employees, as they believe that their competitive edge is blunted by the burden of these extra financial commitments. The challenge that the government faces is to motivate and encourage the private industry to take a greater share of the anticipated increase in economic costs of the healthcare systems, by providing all of their employees' medical insurance cover. (What is the Nature of the Healthcare Challenge Facing the Nation?). The effort on the part of the government to reduce the burgeoning cost of healthcare system was through the use of IPA HMO, whereby a range of services were to be made available to the beneficiaries at a discounted cost. Yet an examination of the costs paid for services provided shows that Medicare has been more than generous in payments for certain services that have been availed of by the beneficiaries. The reason for this may lie in the need to keep the HMO's interested in providing services for Medicare, and unless it is remunerative the number of service providers willing to participate in a discounted cost pattern within the healthcare system may dwindle, making all the necessary service unavailable. Therefore the third challenge that the government faces in the new healthcare system is to

maintain the cooperation of the HMOs by providing remuneration of costs at a rate that makes it possible to retain their participation, but at the same time ensuring that the remuneration is not cost-prohibitive, as to make the healthcare system unviable. (Walker, M. D., 2003).

#### Literary References

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