

Managed health care

Business



Managed Health Care The rising cost of health care has to be no surprise. It's the most basic necessity of a human being to stay healthy, just as much as it is the basic urge of businesses to lower costs. Why did I say that in the same breath? The simultaneity of these strong interests has resulted into derivation of health care system, and it is one of the most widely publicized, politicized and public issue. The trajectory of rising health care costs is feared to surpass the total income in 20 years (Hellerman).

1. Factors Contributing to Rising Health Care Costs in Relation to Managed Healthcare

The rise in health care costs expands to decades of history. The factors mounted up step by step chronologically resulting in increase in Health Care costs.

a. Awareness:

It started with the realization of importance of health, with American Medical Association (AMA) becoming a national force bringing awareness in 1900s (PBS), the call for advancement in medicinal procedures and the want to lure and maintain a healthy work force of organizations.

b. Inelastic Demand for Health Services:

This resulted in inelastic expenditure on health with establishment of Federal responsibility to ensure health security and devising of health insurance policies. There arose a shortage of health-manpower as demand for health facilities increased.

c. Advancement in Medical:

More money was now officially (from 4.5% in the beginning to 15% currently, of the total budget) put into the making of the specialized doctors who demanded greater fee, breakthrough sophistication in medicine were

taking place, and hospital expenses and profits were expanding till the point it became an integrated, privatized and corporatized system.

d. Other Factors

Other important factors that contributed to the rising health costs included exploitation of fee-for-service method, general inflation in economy, greater demand of services as a result of greater and aging population (AWHP) and speculation over changing government policies.

Managed-health-care, which took over as a result of exploitation of pay-as-needed method of health care programs, mostly sapped these factors of rising costs. Firstly, the appointment of third party kept the interest of both consumer and financier of the health benefit in view. It put the urgency and necessity of the service consumed under unbiased third party scrutiny, enabled cost effective group contracting with health-service providers and minimized the chances of exploitation with maximum consumer satisfaction. At the same time the service provider (hospital etc) were also brought to account for their charges which in turn reviewed the money minting privatization and brought the overall cost of health care in check.

2. Consumer-Driven Health Care

Consumer-driven health care as the name suggests empowers the consumer to the health care program. It enables more space in decision making for the consumer, with tax free dollars provided to consumers. It personalized spending with coverage of catastrophic medical expenses. It incentivized personal involvement using the tools of decision support and providing basic information to the consumer (WBGH). The premiums were lowered but upfront costs are increased.

Though on face value the approach seems to put the consumer on a level of <https://assignbuster.com/managed-health-care-essay-samples/>

less advantage because it necessitated frequent out of pocket expenditure and the responsibility of decision making as against the already spelt out plans by the third parties in Managed Care; in the long term such a plan would prove beneficial. The purchasing of services would be more subjectively suited to each consumer who would thereby avail services not covered under Managed health schemes. At the same time the allocation of dollars would be reasonably regulated through basic components of HAS and HRA (Health Insurance. org). There would be tax advantages and increased awareness of their policy and rights in the members because they now have to make decisions for themselves; these would in the long run control the increase of health costs at large mainly due to responsible spending on the part of consumer.

Work Cited

Hellerman, Caleb. CNN Health: The Charts. ‘ Health care costs to surpass total income?’ . May 10, 2012

PBS Health Care Crisis: ‘ History’ . May 10, 2012

The Association of Washington Healthcare plans. ‘ Rising Health Care Costs’ . May 10, 2012.

‘ What are Consumer-Driven Health Care Plans?’ Page 2 May 10, 2012

HealthInsurance. org: ‘ HSA’s and HRA’s’ . May 10, 2012