

Health care spending trends

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Health Care Spending Trends Healthcare spending is expected to rise in the next ten years: Health care spending is rising more rapidly than the national income. The Social Security Advisory Board (2009) states that, " Since 1960, total health care expenditures have grown by an average of 2. 5 percentage points faster per year than the nation's Gross Domestic Product (GDP)" (p. 1). The Board further states that it is possible that in the next ten years, " health care spending will nearly double to \$4. 4 trillion by 2018." (a) One reason for this is that hospitals, these days, want to fill up their beds, and especially ICU beds, with offering some of the most expensive yet sophisticated technologies for patient treatment. This raises cost of the health care since common patients cannot afford it at normal price. (b) Secondly, there are many drug companies who recommend expensive drugs and medicines to patients, and market them in the way that the patients have no other option than buying them as their ultimate rescue from disease. (c) Thirdly, those physicians also prove to be a driver of health care costs, who do not practice evidence based medicine, and do not consider costs of treatment processes in their decisions. So, there is an absence of practical cost transparency. This makes the patients avail expensive health care services because the physicians do not include cost efficient treatment processes for them. Hence, these are some of the many reasons that tend to increase, and will keep on increasing, the overall health care costs in the next ten years if they go on like this, unchecked.

2. Strategies to decrease health care costs: Stanton (2002) states in his report some of the basic strategies that tend to decrease health care costs. (1) One strategy is that the employers should contribute a fixed dollar amount toward premiums, and should offer multiple health plans to the enrollees. Such a model should

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be promoted, following which the employers and employees choose the best health care plan, which is not only efficient in its quality, but also is affordable for the common patients. Stanton (2002) states that, When employers made the same dollar contribution toward all plans and offered employees more than two plans, their premiums for single coverage were lowered by \$480 and their premiums for family coverage were lowered by \$791 when compared with premiums for employers making a fixed dollar contribution but offering only two plans. So, if the number of plans increases, this results in higher premiums, provided that the employer has paid the full premium cost. This means that employer's method of contribution affects the premiums charged by health plans; and, focusing competition of health plans among price-sensitive buyers results in reduced health care costs. (2) Second strategy is to increase the number of Health Maintenance Organizations (HMOs) in the market because the more the number of HMOs, the more is the price competition. For example, HMOs substitute ambulatory care for hospital visits, and thus the more they are, the more the patients avail affordable health services. (3) Third is the introduction of e-Health technologies, for example, the introduction of electronic health records (EHR), and telemedicine. E-Health provides services which let the doctors have an access to their patients' data by maintaining their records and information about their diseases in databases and other e-Health tools, rather than using paper documents (Eysenbach, 2001). They can assess the data, prepare prescriptions to be sent to the pharmacies via communication technology, get instant and accurate results from the laboratories directly, communicate with their patients on a regular basis no matter which part of the globe they live in, and give better suggestions regarding their health and

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lifestyle. On the other hand, the patients, here referred to as ePatients, can have access to doctors all around the world with the use of information and communication technology, telemedicine and e-Health systems (each of which will be described shortly), get diagnosis (known as remote diagnosis) and treatment regarding their diseases, and thus remain better informed about their problems in particular and health care in general. Thus, the overall cost of health care reduces, since, for example, patients do not have to travel long distances to meet the physicians. 3. My health care cost reduction strategy: My strategy to reduce healthcare cost is to consult online health related advice on the internet. When there was no internet, I would go to the physician, get appointments, stand up in long queues to get the prescription, and then pay the fee. Now, I can get all advice right from the internet without any charges. I can get all sorts of consultation without having to cover long distances to meet a specialist, unless I have some very serious problem. This has reduced health care cost, at least for me.

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