

# Health economics

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## Health Economics I. D. Number: Term and Year Health Economics of the Submarket of Long Term Care (LTC) Facilities

In our society, there are some people, who cannot take care of themselves. They might be mentally retarded minors, sufferers from chronic and/or incurable diseases, old people, etc. They might need consistent medical and/or other sort of supportive service for almost the rest of their lives. Facilities given to people with such long time period survival support needs are collectively known as the long term care or TLC facilities (Joint Commission Resources et al., 2011; US Department of Health and Human Services, n. d.).

TLC facilities are at policy focus in the modern social market and social market prone economies, where the idea of a welfare state might emerge to be strong. However, as an industrial segment, this submarket appears to be shrinking the countries like the United States. Hence, increased competition appears to be the major problem of this submarket. Even some professional websites such as CompleteLongTermCare. com (2012) do not consider the present situation has arisen due to increased competition. Rather, shrinking submarket is giving way to malpractices.

### Current State

According to Yahoo! Inc. (2012), the long term care facilities have a composite value of 1148. 9 as of 7th November, 2012. On this specific day, the amount of change was -0. 26%, which means that the submarket is shrinking. If the data of past few years are analyzed, then we find that this submarket is shrinking since the global economic recession.

### Problems due to Increased Competition

Reduction of service costs coupled with deterioration of service quality is a

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prominent problem given that in absence of competent healthcare services, public are suffering from chronic shortcomings to the system as a whole.

“ There are nursing homes that are surprisingly cheaper than the others. They even offer great deals and promos which can sound too good to be true. No matter how good their deals may be, always remember that they are cheap for a reason. Some nursing homes cost less because they offer less.” (CompleteLongTermCare. com, 2012)

Furthermore, a recent study by the US Department of Health and Human Services (n. d.) indicates that at least 10% of the patients (who get admitted to a nursing home annually) are possibly going to stay there for at least the next five years and more. Like Europe, America may also be soon suffering from the problem of a vast population of senior citizens and old age groups. Strangely enough, although demands for TLC are thus poised to increase, quality of services are being preponderantly compromised (Saltman et al, 2006)

#### Tentative Proposals to Encourage Fair Competition

1. The government must extensively standardize the existing TLC providers and clinician parameters on the field.
2. Most critical standards must be strictly enforced. A few examples of these are given below:
  - i) “ The leaders set priorities for data collection” (Joint Commission Resources et al, 2011, p. MC – 96)
  - ii) “ The organization compiles and analyzes data” (Joint Commission Resources et al, 2011, p. MC – 97)
  - iii) The organization offers accommodation for older adults (CompleteLongTermCare. com, 2012; Pratt, 2010)

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3. More federal level regulations should be enforced.

#### Consequences to the Solutions

The proposals enumerated above will stabilize the competitions in a submarket to which S&P 500 assigned a valuation of -2. 21% of late (Yahoo! Inc., 2012). Furthermore, regulatory standardizations would give way to a uniform federal system, whereby TLC related medical recording, Medicaid, and paper formalities would be made more hassle free.

#### People Who Might Suffer due to Proposed Changes

Small nursing home owners will suffer most if the proposals enlisted above are enforced. It is so because standardization would lead to stricter service parameters. After that, a chain reaction of increased service fees in different patient care areas will be triggered off. In this way, poor people in the country will be compelled to select from costlier TLC facilities as fewer alternatives would be available. Yet, the proposals must be considered seriously since they prevent fraudulent practices and below-standard services that might lead to health hazards.

#### References

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