

Health care payment systems



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Miguel Boquer

Introduction

Healthcare spending has been on the rise over the years and is even more so affected by the continually evolving healthcare payment and insurance systems. To put it into perspective, national healthcare spending has grown from 5.3 percent in 2014 to 5.8 percent in 2015 reaching an astonishing \$3.2 trillion or \$9,990 per individual (Wilson, 2016). In 2016, healthcare expenditures were expected to reach \$3.35 trillion averaging \$10,345 per individual (Alonso-Zaldivar, 2016). Payment and insurance systems through employers, insurance providers, and government agencies are providing for ways of controlling factors driving healthcare costs.

Payment Systems

Payment systems have continued to evolve into many various forms over time such as fee-for-service, pay-for-coordination, comprehensive care, pay-for-performance, bundled payment or episode-of-care, upside shared savings programs (Medicare and Medicaid (CMS) or Commercial), downside shared savings programs (CMS or Commercial), partial or full capitation, and global budget (McKesson, 2017). The most popular and original way of payment for health care services being utilized today is the fee-for-service payment system. This system allows for each separate service that is provided to be paid for at a set amount (Miller, 2009). From what I gathered through my research is that as the population ages, healthcare costs rise, and technology advances, the fee-for-service isn't always the most efficient method of payment. A combination of payment systems is more preferable

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when working with the different sources of payers such as self-payment, insurance providers, or Medicaid/Medicare. Episode-of-care and comprehensive care would be a great combination reason being that some of the aging population or those with more serious conditions can utilize episode-of-care, whereas the comprehensive payment system will cover the population that contain conditions that require more frequent or repetitive care for chronic conditions such as diabetes. For instance, comprehensive care payment would be made to the physician practice or health system to deal with the patients who possess presumptive underlying health conditions. Then, the episode-of-care payment would be made to a hospital if a specific patient requires surgery or any other costly treatment (Miller, 2009).

Payers

The Affordable Care Act (ACA) is comprised of numerous regulations that focus on the organization of healthcare like how it is delivered and then paid for. The fee-for-service system that has been the most dominant payment system is inefficient and costly to patients and payers, which is why the regulations provided the ACA must be imposed on the flaws of the US health system. As the US economy strengthens, medical prices continue to increase rapidly, and the population ages, Medicare and Medicaid are projected to grow at a quicker rate than private insurance providers (Alonso-Zaldivar, 2016). In the sense of utilizing multiple payers, healthcare providers can transform the way they deliver health care to all of its patients if enabled by the changes in payment systems as long as the payers throughout the community are required to change their payment systems as well in related <https://assignbuster.com/health-care-payment-systems/>

ways. Additionally if the right payment is set, the health care providers will be able to deliver quality care to the patients as needed (Yong, Saunders, & Olsen, 2010).

HIT and Payment Systems

Health Information Technology (HIT) is contributing towards effective changes in the way payment systems are operating. HIT continues to be a vital component of directing the health care payers toward automated workflows, while improving the management of medical claims. Data can be better managed through the use of HIT innovations such as the transferring of health information within and in-and-out of a health plan, which is substantially important (Patrick, 2016). New, innovative healthcare technology is allowing for the combination of managed care and any additional technology that is used in managing patient care within the patient's health plan along with determining the claim payments. The large amount of data that becomes available as a result through that combination can be incorporated with various types of data such as pharmacy or health assessment resulting in a pool of data readily available to access as needed.

Conclusion

The various healthcare payment systems are being used to cover, coordinate, and manage the costs of care for patients are copiously complex. Only through the improvements of the payment systems have payers been able to effectively control the aspects of healthcare costs. Aging population and the increasing presence of chronic illnesses are calling for improvements to the processes of payment systems such as the implementation of multiple

payment systems. The advances of Health Information Technology will be able to allow for the smooth collaboration and integration of multiple payment systems in the efforts of improving the quality of patient care.

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