

U01d2 cost shifting



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The concept of cost shifting has a number of positive as well as negative aspects in terms of the beneficiaries as well as the payers. In the inaugural speech by President Barak Obama, a list of the major challenges that were being faced had been addressed and discussed. Of these the main topic was ‘Health Care costs too much’. This has been a growing concern for all in the country and requires a check to keep the costs under control. It has been recognized that a major part of the society is aging and the health care that is required by these individuals is relatively much higher. There are a number of different treatments like the surgical, non – surgical cancer, organ transplants and other imaging like CT, MRI, PET scans and numerous other highly sophisticated tests which need to be considered and covered for. America’s health care system in the country is also structured in a manner which contributes to the rise on costs (Griffin, 2000). The concept of cost shifting is one of the major reasons that the costs have also gone up. Cost shifting simply implies at how the cost of care has shifted from one set of people to another group. The concept is such that if one group of people is unwilling to pay the bills, then the costs are redistributed to another set of people who can’t refuse to pay for the costs.

One of the few reasons for the inclusion of cost shifting in the health care industry is the creation of Medicaid and Medicare. Shi and Singh explain that the cost shifting was included to offset costs when the charity received was used to make up for the difference. Feldstein explains that when there is a belief that cost shifting occurs, this could possibly be when the hospitals raise their prices to compensate for the patients that are lower charged

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(Morrisey, 1994). Feldstein also unveils that the costs have increased for two reasons, namely, an increase in the variable costs in terms of the wages and secondly, there are changes in the hospital payer mixes, i. e. an increase in the less price sensitive patients which allows the hospitals to increase the mark ups. This is viewed to be a profit for the hospital however this is a selfishly induced process and is controlled by the cost shifting.

The knowledge that people have on the increase in the costs of the providers to make profits has led the industry to be impacted negatively and is also impacting the human charity as well. There is a clear sense of mis happenings within the industry where the rich are being given complete access to quality service, while the poorer people lack this quality due to the lack of finances (Feldstein, 2007). The shifting of costs has been argued a great deal, however considering the concept, it is essential to note that the process is trying to create a balance and hence it is one of the only modes of providing affordable health care to all. This clearly shows how the financials of the hospitals and the organizations will prove to be improved in the future and also the financial figures can expect to see an increase.

References

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