

Health insurance in usa research papers example

[Economics](#), [Insurance](#)



My dentist friend of mine reduced her work hours recently. As one of the highest paid professionals in USA, I wondered why anyone would reduce work hours while they can actually mint. She explained later that she is too tired of the legality of practice, facing constant threat of patients suing and the amount of paper processing for each patient. It is a revelation for me. I never perceived that this could be a deterrent to the doctors. The more I dwell into it the more I realize that there is a lot unsaid in the silence of the nurses and the front desk people when we go for checkups. Doctors are knowledgeable, nurses are compassionate, but patients are uncertain of the cost of treatment. This paper tries to understand health insurance terms in USA and the solutions offered by different experts.

The essays for review on this topic added to the amazement at the facts of health insurance. People spend about 18% of GDP related expenses which is one of the highest in developed countries (David Goldhill, 2009). 76% of the total cost of checkups, surgeries, emergency visits to doctors and hospitals are paid by someone else rather than the patient(John C. Goodman, 1994). When they go to a doctor, they ask ' what is my share' rather than ' what do I owe you'. Doctors' clinic personnel eagerly anticipate each visit. Why would they be happy if I am sick? If we call a nurse, line and ask if my condition is serious enough to see a doctor 99% of time they will recommend to go the doctor or even to emergency room sometimes.

For nonprofessional health insurance, terms are simple. Once he gets a job, the employer offers health insurance. The monthly or annual premium for the employee is usually a small amount. If he visits a doctor or a dentist he is charged copay and suggested prescription medicines. He buys medicines

from pharmacy again with small copay and that ends the story. He is lucky if the health problem is cured. If not his second visit warrants diagnostic tests or a trip to the lab. In this process neither the patient nor his caregiver are aware of what is the actual cost of the visit to neither the doctor nor the medicines. The patient remains ignorant on what happens behind the process.

There are six implications to the above process. One unemployed persons do not have health insurance. Government subsidizes health insurance and the employer pay part of the premium for a tax incentive. Thirdly, the doctors and hospitals who recommend diagnostic tests and medicines receive a fee for the recommendation. Forth for sake of increasing insurance usage, routine illnesses are over diagnosed. Fifth- Elderly and senior citizens are partially covered by Medicare, Medicaid or Military reimbursements which is about half of the total national expenses on health. Sixth- the poor, minorities, and illegal immigrants over use emergency services in the absence of health coverage. So much is unsaid and misinformed that it warrants investigation.

Lawrance H. Mirelin his article ' We call it Insurance but that's not healthy' says that the contradictory terms of insurance and health care - one which is best when least used and the better when maximum utilized- are leaving the patient in a lurch . Also clubbing the catastrophic events like severe illnesses with routine maintenance checkups is tricky. Because the former happens rarely while the later happens regularly. He claims that the employer-sponsored health insurance is the crux of the problem. Because employers get tax incentives for sponsoring employees' health insurance, they

negotiate with insurances on lowest rates possible. Low rate insurance does not cover routine procedures and or the premium is too high for good coverage. Health insurance as a 'benefit' to the employee has no employee involvement while the contract is between employers and insurance companies.

Patient's are in a limbo when they visit a doctor unknowing what would it cost them. Managed care as an option out of this system is frustrating to both the insurer as well as the practitioners because either it eliminates what is necessary or it charges more for what is unnecessary (Lawrance H. Mirelin, 2001). I like his idea that health insurance needs to be two-tiered system where one is for critical care with high deductible since it happens rarely and other for routine care. He claims that routine care does not need insured. It can be paid just as we pay for other services. Better employers put that money in MSA (Medical Savings accounts) to be used for medical purposes at the discretion of the employee. This law pending with the Congress would be favorable for both employee and employer for the tax credits.

The article covers ground on the unemployed persons' health insurance too. He suggests that the Government purchase prepaid coverage for them so that burden on Medicaid reduces. Instead of Government maintaining monopoly on health administration, his ideas would reduce administrating costs as well as regular financial pressure due to tax incentives. This article is reflective of Mirel's experience as DC's commissioner of insurance and securities and his depth of understanding in the recommendations.

'How American Health Care killed my father' by David Goldhill is a poignant tale of mishandling his father in the ICU and his ultimate death. It is

revealing to know that 100, 000 people die every year in hospitals due to non-sanitized handling by personnel (David Goldhill, 2009). He is critical of the health care system for being impersonal, highly subsidized, and administratively burdened. The complexity of regulations has made the system un-friendly and non-consumer oriented. The patient too suffers in the hands of doctors, hospitals, as the care is not very sympathetic to his needs. While Hospitals use highly sensitive equipment like ICU but create paper work using age-old method of recording medications and treatments. Cheerless environments create a yearning for the patients and care takers to go home. Un-necessary procedures and tests have to warded-off by the patient who may or may not be in a condition to take decisions on self-care. Many or all industries in the US target consumer and his satisfaction as ultimate goal; health care industry conveniently ignores the patient and his comfort since payments come from the insurance.

He covers a lot of ground from historical evolution of health insurance to the new Obamacare. The new plan now in discussion he says, will only add those who are under insured or non-insured to the health care system but will not solve the core problems with the system. Medicare and Medicaid take up to 20% of government spending while other important fields like education, life style improvements, transportation are threatened by reduced funds. He claims that health insurance costs are increasing because government takes the burden of tax incentives to the employers for both regular care as well as severe or sudden incidents. In addition, insured and uninsured persons pay approximately same amount annually from their pocket or annual premium but what comes from third party differs significantly. Third party payments

are almost three times for those insured against uninsured.

I am not too convinced of his argument that employers share, governmental share or insurance share are nothing but our own reduced salaries. He is assuming that the profits or revenue of a firm remains constant and it is just readjusting of employee share into employer share. I think the assumption is also saying that the employee salary increase at the same rate as employer profits. However, he is very apt when he points out that technology induced costs and competition-stifling large corporations are increasing health insurance costs.

On moral grounds how much of care do we really need? If doctors and hospitals recommend tests, diagnostics or procedures they make a fee and if we visit the doctor more often, they make a fee. If our needs are profitable for others, then the demand is not really driving the supply it is actually increasing the supply. There would be clamor if some procedures were removed from insurance coverage. Everyday new procedures are added to the insurance, which add to the cost but may or may not benefit our health. In addition, people are living longer, general living standards are higher, and mortality rates are lower. Even then, if health care costs keep increasing there has to be some solution.

Obesity, the prime cause of health problems like high blood pressure, heart attack, and cancer is highlighted in this essay. Childhood obesity is another concern about which I have read in newspapers and health journals.

Sedentary lifestyles, car dependence for small chores, work-from-home-scenarios is common in the current American Society. Fast food chains are making profits on our timesaving food choices. Children too do not get

opportunities to play because adults are not setting good example of being active. This essay points out that the health reform should start with correcting ourselves and our diet patterns. It also discusses costs of emergency care, which, contrary to popular belief, is not expensive nor burdens the hospitals. The author wonders why bills and our test results are never discussed with us, the patients. His suggestion to move away from comprehensive form of health care is well taken.

John C. Goodman's 'Patient power- Free enterprise approach to US health care problem' is repeating the two tiered system (catastrophic events and routine care), MSA contribution of employees, self sponsored routine care and reducing the overall costs of insurance. He agrees that the third party payments, which expanded their base for Medicare, Medicaid and military reimbursement, are the key to the problem. Cato Institute's Patient Power plan is detailed in this article. Bureaucratic rationing as existing now will only lead to poor quality care rather than value for money. The Patient Power plan has some very good ideas. People who are in between job usually do not have any health insurance. However, with this plan the Medical Savings accounts accumulated money can help those to tide the crisis (John C. Goodman, 1994). What interests me in this article is the power to the people- they have the choice to spend on what they need, and will get quality care by the reforms suggested.

' Health deductibles may cost women more' is a revelation. Women visits to doctor are more than men owing to child bearing (Mike Stobbe, 2007).

Health insurance cannot be ' one plan fits all' as per this article. I agree with the author that the regular maintenance checkups for women have to be

dealt like a separate segment of health insurance. From the employer point of view women are a bad investment as an employee. Because they cost more if employer continues to sponsor health insurance for employees. For businesses and firms, this article is a pointer what to expect when they hire women. It implies that employer-sponsored health insurance in the end has to be eliminated because it may lead to gender issues in employment.

Consumer driven insurance as suggested by the author, Mike Stobbe will make consumer more responsible while using health insurance. Because such plan mandates that, the first \$1000 or more comes from their pockets before the actual insurance kicks in.

John C. Goodman's ' Perverse incentives in health care' is novel presentation of the best practices in medical insurance related issues. Wal-Mart's generic drugs low, monthly payment plan, Rx. Com and walk-in clinics are compared with long lines of waiting, and lack of personal touch in regular clinics. In the current system, there are no incentives for the doctors for being excellent or any penalties for mediocrity (John C. Goodman, 2007). Even if the most touted MSA plan kicks in, he says it is only targeting the demand not the supply. This is contradicting the previous writers' opinions. He argues that the supply - doctors, hospitals, clinics- has to improve service in terms of electronic records, customer service, and quality. This is not happening because ' contracts and prices are imposed by large, impersonal bureaucracies'. The payment system is dominated by the government and that is where reform should start. If government encourages entrepreneurship like Mayo clinic, and does not penalize financially those, who try to improve quality- it will lead way to improve the overall system of

health care.

' The Biggest secret in health care is a highly critical essay on how tax code in health care cannot be easily removed. Politics behind the tax breaks for insurance companies is discussed here. President George Bush's strategy to win votes was to declare that health care is free, while third party pays for it. It (Government) pays biggest subsidy to those who need it least - the rich people who overuse the health care system at the cost of millions who cannot afford basic care (Holman W. Jenkins Jr, date unknown). The rich patients are brainwashed for more treatments, more tests, and more clinic usage because it pays the doctors, nurses, and clinical personnel who run them. The author points out that the insurance lobbyists will not sit quietly if tax reform is pushed and they fear loss of employment and profits. As long as third party payment system exists, the government, Presidents present and past cannot touch the reform button. The author Holman W. Jenkins Jr rightly points the tax reform though vouched for, is a difficult proposition. It involves health industry and its lobby at the cost of patients' welfare. Tax cuts to employers are an ongoing issue, which needs to be reformed.

The last list of assorted articles on health care costs bring about a variety of subjects. I did not know that Medicare was for the elderly and Medicaid was for the poor. One of the articles criticizes Obamacare for being naïve in assuming that the plan is a one-fix for all. The Patient Centered Outcomes Research Institute (PCORI) and the task force are given powers with no teeth. The procedure and test comparisons are only funded by the PCORI but they do not compare the costs. The task force recommendations have been ignored by many hospitals earlier too. With the new Obamacare becoming

mandatory in 2014, there are many changes happening in USA. Hospitals are merging into larger conglomerates; insurance companies are acquiring small companies to create monopoly and hospitals opting to become ACOs (Accountable Care organizations) to tap Medicare funds. Since hospitals have individual contracts with insurance companies whose terms of contract are secretly held, Obamacare may only be a drop in the ocean. The fee-for-service is another new term, which I learnt in these readings. It is the fees hospitals and doctors receive for treating patients, which can be escalated erroneously by them to increase their incomes. Since there is, no uniformity and transparency in the procedures one patient may pay more than the other for the same treatment. The graph below shows the average hospital cost in USA in comparison to other countries.

The unnecessary testing is a contentious issue. Cancer is screened in every single person who has a growth, which not only puts the patient in stress but also increases patient spending. I like the quote ' it is not the diagnosis of cancer which really kills people, it is the uncertainty' (Ezekiel Emanuel, date unknown). Over diagnosis is also one of offshoots of fee-for-service, which pays by the quantity. This procedure needs to be taken with a pinch of salt because not all growths in the body are cancerous. While breast cancer cannot significantly improve chances by early diagnosis prostate, colon and cervical cancers benefit by it. What doctors need today is a 21st century genomic profiling of tumors so that the comparison with old, 1870's cancer profiles may be discarded.

This article on over diagnosis and over treatment of cancer directs my thoughts to the advertisements in media about cancer. Several cosmetic,

non-cosmetic, bariatric or cancer treatments are advertised just like a product. They claim to treat with discounted rates too. This kind of media propoganda should be curbed. It only creates fear, suspicion, and self-diagnosis in the minds of normal people. Doctor shopping is prompted too. 'What Is Value in Health Care?' By Michael E. Porter points in the right direction while estimating value in health care. Value has to be measured in health outcomes per dollar. Such definition would change the entire perception about various stakeholders and the patient. In addition, value for each category is different - for a patient it is the healthy outcome of treatment. For the provider it is the non-recurrence of the problem and for a hospital it is the quality of service. Since patient's progress is long term related the estimation becomes more complex. Outcomes of treatments need to be documented, reported, and publicized to improve provider's credibility and reimbursements. The other side of the coin- doctors and hospitals views on administrative and procedural problems also serves as good pointer towards balanced opinions.

There is a lot of negativity in the process that one looks for good practices. Few hospitals opt to keep the care costs low while quality is maintained. Their contract is to keep the patients healthy in long run. They make sure that patients pick up prescriptions, call to check statuses and visit homes to follow up surgeries. Obamacare is termed a path-breaking plan, which is prompting many entrepreneurs to innovate and prosper. Another example is in India and HIV testing article, which compares costs of testing every male in the country for every two years. It concludes that the testing and treating a HIV patient would financially benefit the country because it prevents the

spread of the disease and curb its escalation into AIDS.

The third article on good practices is the heart surgeries in India. They cost a fraction in comparison to what they would cost in USA. This is possible because heart surgeon Devi Shetty is able to innovate without the rigid regulatory framework of USA. His research indicates that heart attacks in India occur more in the poor than the rich and reduces the cost of surgery by improving service and accessibility. He buys local made equipment, builds hospitals in locations where urban costs are low, does away with unnecessary pre-op urine tests, and hopes to expand to cater to foreign patients. As long as he reduces the overall costs his business grows. In addition, of course there is no compromise on quality in Narayana Hrudayalayas.

Safeway's health plan is a plan to be emulated. Personal responsibility and financial linkage to health goals are two main objectives of this plan. Obesity, smoking, high blood pressure, and cholesterol are targets for the current year. If employee reduces weight or his test results show lower blood pressure his annual health insurance premium drops. The plan is making people responsible for their own health by which many diseases like heart attack and cancer can be prevented. It is heartening to see such positive examples where health insurance is not really a mountain that we cannot surmount.

Conclusion

There is so much in media and discussions over health care reform recently that I cannot but contemplate on the process. This paper has given me an opportunity to understand the implications of the new Obamacare. It is

adding 35 million uninsured into health care system, and giving option to people who already have insurance to choose for themselves. It is offering cheaper alternates for shopping around; it is increasing awareness among people like me etc. From hospitals and insurance company's point of view it is going to demand efficiency and encourage competition. Newer entrepreneurs are coming up to help electronic record making, phone and laptop applications to monitor health conditions. Health care reform is long overdue while right now it is touching the tip of the iceberg. However, the long-term consequences of the current reform cannot be ignored. It is a first step in the right direction. It may not solve the whole gamut of tax, employer, employee, and hospital related problems but it has opened many channels to look at it closer. Moreover it increases our understanding that lifestyle changes, diet control, exercise and leading an active life goes long way in preventing diseases and improves quality of life.

Resources

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