

Economic issues simulation paper essay sample

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



Castor Collins Health Plans is an HMO that was found in the state of Pantome in 1999. As like other HMO companies, Castor Collins Health Plans provides health insurance and health care services to enrollees through a statewide network of physicians and hospitals. This company has a total of 100, 000 enrollees. Castor Collins Health Plans are looking to increase the number of enrollees in the company. My mission is to increase the number of enrollees. As the Vice President of strategy and financial planning, my role is interacting with new clients and formulating health plans that will fulfill the needs of the new clients. As a representative of Castor Insurance, my job is to maximize profit and minimize risk for the company. Based on my analysis of potential utilization, I will provide at least two reasons why each plan could be selected. Then I will state which plan I would select to sell to my chosen company to increase the number of enrollees. I will also provide the reasons for my decision and why I did not select the other plans offered.

With the help of my colleagues, I look forward to helping the company increase the number of enrollees in the future. My colleagues are Helen Feuerman, Jonathan Wilkes, and Adam Hunter. Helen is the chief financial officer at Castor Collins Health Plans and she is in charge of the financial operations of the company. Her job consists of accounting, budgeting, forecasting, underwriting and actuarial, financial analysis, financial planning, and risk management. With her credentials of having a certification in Public Accountant and Chartered Life Underwriter, she plays a huge role within the company. Helen has been with Castor Collins Health Plans for seven years. Dr. Jonanthan Wilkes is the chief medical officer at Castor Collins Health Plans. His job consists of working with utilization management and clinical

services. He has been an important aspect of the company by being the chief advisor and strategic planner on the medical aspect of the delivery of health care services.

Dr. Jonathan Wilkes has been with Castor Collins Health Plans since 2002.

Adam Hunter is the Executive Vice President of planning and development at Castor Collins Health Plans. He is in charge of new product development and corporate affiliations. Adam Hunter has been an important aspect of the company by helping the company gain new enrollees and ensuring that they are satisfied with the health plans that the HMO offers. Constructit and E-Editors are groups of individuals in which are seeking health insurance from Castor Collins Health Insurance Company. Constructit consists of 1, 000 people whereas E-Editors consists of 1, 600 people. The individuals at Constructit are willing to pay a maximum premium of \$4, 000 per person and E-Editors are willing to pay a maximum premium of \$4, 500 per person. The Castor Standard plan does not cover preexisting conditions, the risks and returns in this plan are low. A comparison of the expected utilization and the returns from providing Castor Standard to this group shows that the risks that I have accepted are high.

The earnings from the Castor Standard Plan is not sufficient to cover them. Choosing another plan or not insuring the group would have potentially mitigated the risks. The option that I could have taken was not to insure the group at all, but any earnings are better than none for the company. The group that I believe is the best for Castor Collins Health Plans is E-Editors. E-Editors is willing to pay a higher premium up to \$4500, in which my company

can earn \$5.58 million. I have chosen to set them up with the Castor Standard Plan because the Castor Enhanced Plan and Castor Customized Plan would have increased the premium over their maximum amount they are willing to pay for a premium. The maximum amount that E-Editors are willing to pay is \$4500. I did not choose the Constructit group because they were only willing to pay up to a \$4000 premium, resulting in \$3.43 million of earnings for the company.

From an economist's point of view, thinking about rising health care spending comes from two approaches for slowing its growth which are reducing spending on high-cost medical care that produces no benefits and reduce spending on high-cost care that yields some health benefits but at even higher costs. Today, there are many people paying expenses on costs that are unnecessary. Consumers pay insurance premiums to transfer their risk of medical expenses to the insurance company. Castor Collins Health Plans bears the risk in return for the premium and takes care of our enrollees in part or in full when they are not well. Collecting premiums is our source of revenue. The revenue helps us pay our selected health care providers as well. While selecting a plan and the services to provide under that plan, Castor Collins Health Plans has to decide upon different considerations such as the premiums the enrollees are willing to pay, the risks of providing a particular plan or service, the expected utilization, and the premium that Castor Collins Health Plans needs to charge to maintain profitability.

HMOs, such as Castor Collins Health Plans, are driven by profit maximization in the supply of health care services. Consumers, such as Constructit and E-

Editors are driven by utility maximization. People cannot determine when they are going to require health care services, therefore selecting the proper plan just in case is important. Many people require two or more health insurance companies to ensure that they are being covered for health care expenses. There are also many health insurance companies that are not aware of the existing health conditions of the consumer. This simulation allowed me to illustrate an economic decision-making for an HMO company that provides health insurance and health care services to potential enrollees. My colleagues and I were able to determine how much premium to charge for bearing different kinds of risks and what services to provide as part of a health care plan. I have learned that there will always be factors that will complicate economic decision-making in health care markets.

References

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