

Influences on providers

[Business](#), [Management](#)



Influence on providers The healthcare costs in the US have been increasing over time. Several factors have influenced the costs including an increase in the number of unemployed citizens and harsh economic conditions. The ageing population and social-demographics have forced the healthcare providers to incur heavy healthcare costs.

Influence on providers

Introduction

Healthcare spending has been increasing over the past 40 years (Sultz & Young, 2011). Health care spending is projected to hit \$ 2. 9 trillion in 2012 which is about 17. 2 percent of the US gross domestic product. According to Centers for Medicare and Medicaid services analysis, healthcare spending will reach \$ 4. 5 trillion by the year 2019. Healthcare expenditure is covered by several sources of funding including out-of-pocket payments where individuals pay for services through deductibles and copayments (Musgrave, 2006). Another source is the private health insurance coverage like the point-of-service plans (PPOs) and health maintenance organizations plans (HMOs). The US government expenditure on healthcare is incurred through government health plans like Medicare, Medicaid, Military Health system and Children's health insurance program (CHIP) (Kronenfeld, 2002).

Unemployed individuals

Unemployment rate in the US has increased over the recent past.

Unemployed individuals increase the financial costs of the health care providers since they may not be able to pay the deductibles and copayments. The high unemployment rate will increase the federal spending on Medicaid health care program (Sultz & Young, 2011). Increase in

employment will lead to more employer financed healthcare insurance thus reducing the costs of government sponsored programs. Employees are more willing to purchase healthcare insurance once they are offered benefits like income tax allowances by the employer (Sultz & Young, 2011).

Under and uninsured

About 46.3 million citizens representing 15.4 percent of total population have no insurance coverage. The number of uninsured citizens has been increasing due to lack of employment and ineligibility in government sponsored health care schemes (Sultz & Young, 2011). When the uninsured are unable to pay for the full medical costs, such costs are added to the provider's costs. The increase in healthcare insurance will lead to early detection of the medical conditions thus a reduction in the overall medical costs incurred by the healthcare providers will be possible (Musgrave, 2006).

Local economy

The US economic downturn has increased the overall unemployment rate in the economy. The recent economic meltdown and financial crisis have led to increase in the enrollment rate of the Medicaid. Medicaid mainly covers low income citizens like pregnant women, children and infants (Sultz & Young, 2011). Between June 2008 and July 2009, over 3 million people were enrolled in Medicaid resulting to 6.6 percent increase in spending on the healthcare by Medicaid. High income levels and employment will lead to more private health insurance thus reducing overall medical costs. A surplus in the government budget will lead to more enrolment in Medicare program (Niles, 2011).

Social demographic

There are major differences of the level of healthcare insurance along the racial and social groups. Blacks account for 15.7 percent of the uninsured and about 12.6 percent of the total population. Hispanic account for 15.8 percent of US population and about 31.4 percent of the uninsured citizens. Since most of Blacks and Hispanics are unemployed or are local income earners, this causes an adverse effect on the financial viability of healthcare providers (Sultz & Young, 2011). Medicare will have to incur more costs in providing healthcare coverage to the Blacks and Hispanics (Niles, 2011). Most of the uninsured citizens are between the ages of 18 years and 65 years hence they are not eligible for enrolment in to Medicare or Children's Health Insurance program. This will force the government to enroll this category of uninsured citizens to Medicare program since most of them are unemployed (Musgrave, 2006).

About 25 percent of the families live below the poverty level thus healthcare providers will incur further expenses. Eighty percent of the workers in industries have are not provided healthcare insurance by their employers. The uninsured incur lead to increase in medical costs since they utilize hospital emergency departments and delay the medical conditions until it becomes more risky (Kronenfeld, 2002). The under and insured will adversely affect financial viability of health care providers since they lack primary care physicians (Niles, 2011).

Health status of the economy

The current health status of the US population has increased healthcare costs. The increase in the ageing population has led to increase in federal

spending on Medicare health care program that covers citizens aged more than 65 years. Currently, most of the US citizens are at risk of diet-related diseases like high blood pressure and cancer thus healthcare providers will have to incur more costs on the treatment (Kronenfeld, 2002). However, most of the healthcare plans and employee sponsored health insurance programs are currently implementing preventive health care like immunizations and wellness programs thus the medical costs on healthcare are expected to decline in the future. The high environmental pollution will lead to high medical costs in the future.

Conclusion

The healthcare costs in the US have increased over the past few years. Economic downturn and high unemployment have an increase in the uninsured citizens thus increasing the healthcare provider's costs. The ageing population and social-demographic characteristics of the population have adversely affected the financial viability of healthcare providers.

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