Health care insurance

Health Care Insurance Insurance, which can be ified into two categories - the traditional and managed care - is a core element in healthcare. The reason for this comes from the economic concept of risk. According to Pauly (2007), risk permeates in health state, health outcomes as well as the cost of health treatment - variables that are especially bothersome to a great number of people (p. 654). The case is that people get sick and healthcare cost is steadily rising. Major diseases and illnesses do not only needed appropriate care but also exorbitant amount of money. Hence, people are willing to trade-off money in order to achieve relief both from physical and economic pain. Insurance are bought because it serves as a protection for people against diseases especially those that are fatal, extremely disabling and from painful medical conditions as well as the crippling cost of their treatment.

In a way, insurance is also saving for the future for an individual and his family who is concerned of health risks. This is a major reason that drives people to purchase health insurance. Other considerations include the variables defined by economic theories such as rational choice theory, wherein costs and benefits are assessed to achieve the best trade-off in the economic exchange. The degree of importance attributed to health both by the public and the state makes health insurance different from other types of insurance that people pay for their properties such as cars and houses. The insurance involve health and well being of people. Pauly explained that in considering potential insurance coverage of two risky prospects with the same expected value, the person attaches more value to the coverage with lower probability but higher loss-event, sacrificing premiums so that money can be funneled to the insurance that means more to the individual (p. 657-

658). There is also a morality aspect in being able to contribute resources, which can be allocated to help care for those who truly need it (Getzen, 2010, p. 50).

In the United States, there is no national insurance coverage. This has been the case since insurance plans were introduced in the country in the past. Because of this, the private insurance companies have flourished. Government involvement in the industry only came after the Medicaid and Medicare were established in 1965 - two federal funded programs that provide affordable insurance to the needy. Today, healthcare coverage became a national priority. President Barack Obama has pushed for a universal healthcare coverage, which should dominate the future trends in healthcare insurance in the US. A study by the Rand Corporation found that " demand elasticities for medical care are non zero and indeed the response to cost sharing is nontrivial," concluding that there is a total increase in health expenditures with the expansion of health coverage (Karrin, Buse and Heggenhougen, 2009, p. 176).

It is clear that health insurance matters to people and, as with other healthcare products and services, claims a big part in their financial decision making. The dynamics of using this type of insurance is consonance with many economic models of demand. The most important of stresses how people negotiate and allocate their resources in an economic exchange wherein they would benefit the most.

References

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