HEALTHCARE COST

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Pressure on healthcare systems in the world have always been high. Recent studies have revealed that the situation is only getting worse. The United States is the highest spender in healthcare in the world. One of the leading causes of the high cost of healthcare that we experience is an administrative waste. Health providers incur huge billing requirements from different suppliers and players in the medical sector. For this reason, they are forced to hire expensive administration for reimbursement. The cost of healthcare is felt by all society members, not just the poor like in many other costs. Healthcare costs have reduced the money that people spend (Alemayehu and Warner, 2004). Although many workers' salaries have been increased, net pay has remained relatively constant because of health insurance costs.

Healthcare systems in the world are very complex. Funding comes from many different sources, such as governments and other well-wishers. Many stakeholders affect medical costs. The typical players are insurance companies and employees. In many systems, consumers can choose a medical plan that they feel it may serve their needs appropriately. Providers have to deal with many regulations that guide the usage and billing of services in the United States. Costs of drugs are on the rise across the world (Luga and McGuire, 2014). Research has shown that the amount of medicine paid for in America is almost four times those paid for in other decentralized nations across the globe. Medical practitioners are paid more currently than they were paid in the past. This has also increased the pressure on resources to increase the cost of healthcare. Apart from that, hospitals are business entities. Just like other business entities, they aim at making a profit. This has made them increase the money they charge for healthcare. Medical costs have risen as a result.

**Effects of increasing medical costs**

Healthcare is amajor budget item for households. An increase in healthcare spending has made many people face higher levels of healthcare expenses. The rise in insurance premiums has made many people opt not to have insurance coverage (Schneider and Guaralnik, 1990). This is because money has many competing needs, and in case the premiums are expensive, many people may opt not to spend on them. Some workers have opted for less comprehensive covers since, most of the time, they are availed at a cheaper cost. Employees who are privileged to work for organizations with insurance are forced to choose between one of the plans that are being offered. The constant rise in healthcare costs has made employers cut the insurance they offer their employees. Many employers have been forced to eliminate insurance covers. Research has indicated that there has been a steep decline in the employees who are covered in their workspaces.

Consumer-directed insurance plans are on the rise as a result of high deductible health plans. Although the employees may be required to pay lesser premiums, they risk incurring higher medical bills (Alemayehu and Warner, 2004). Consumers may also be compelled to think twice before they access medical services. This means that they may decide to overlook a specific condition to save on the cost incurred when they seek medical attention. In the long run, their health may fall drastically since they have not been going for regular checkups. The rise in medical expenses has slowed down growth in middle-class wages. Although many factors have influenced wages, increases in medical costs are one of the factors that have had the most significant impact on workers' wages. Many employers focus on total employment costs. This means that an increase in health benefits will lead to a decrease in the increase in wages.

SCHOLARLY ARTICLE 1

Schneider, E., Guaralnik J. (1990). *The aging of America: The Impact of Healthcare Costs*, Jamba 263(17)

According to the author, the rapid growth among the oldest age groups will significantly impact future healthcare costs. Schneider and Guaralnik use the United States Census Bureau projections for growth for the oldest age groups to make predictions about healthcare costs. The article focuses on hip fractures, nursing homes and Medicare. The authors of the article propose that healthcare costs will rise abnormally if changes are not made in the health of the aging population. They predict that healthcare costs may have escalated by more than six times within the next two years.

Luga, A., McGuire M. (2014).*Adherence and Healthcare Costs,* Risk Management and Healthcare Policy 7, 35

The author does not that nonmedical adherence is a vital medical consideration that affects not only health outcomes but also the overall costs of the patients. The article focuses on recent findings in research adherence and how it can affect the US's healthcare. The authors explain the impact of non-adherence on health care costs, especially in chronic diseases such as diabetes and cancer. The article also contains a current study on designs and predictions for the future.

Organizations have reduced covers that they give to their employees. Employees have been forced to pay for the medical attention that they access. Other organizations have been forced to lay off employees to control the money they spend on medical insurance for employees. Schneider and Guaralnik proposed that to control healthcare costs, the aging people should be given means that they can use to fend for themselves. When an organization spends a lot of money on ensuring the old age groups have a source of income, it may reduce the organization's money will be left a will to develop itself. However, it will also minimize expenditure that can be incurred for medical care. Nonmedical adherence will reduce the quality of service offered by organizations. For instance, cases of comorbid diseases may increase.

Reference

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