

Nursing 100 Presentation: Economics in Healthcare

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Introduction

- Medical insurance makes healthcare affordable for many people.
- The United states has a unique way of ensuring the effectiveness of healthcare economics.
- There are many ways to manage healthcare economics.
- Healthcare economics vary around the world.





Public Insurance



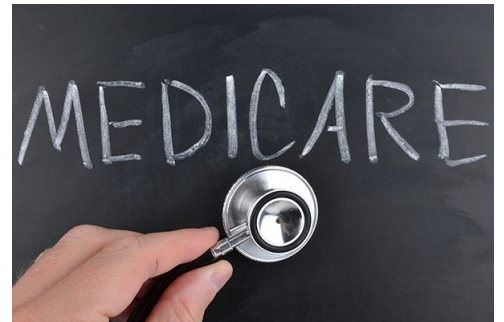
- Public insurance is run by the government
- Most common type of insurance
- Two main types: Medicare and Medicaid
- It “generates half of hospital revenues and more than one fourth of physician incomes” (Cherry & Jacob, 2017, p. 113).
- The United States spends roughly \$3,000 more than Norway
- Deductibles
- “The United States also lacks standards limiting out-of-pocket spending for covered benefits” (Schoen, Osborn, Squires, & Doty, 2013, p. 2206).
- \$10,345 annually and is continuing to rise

Medicare & Medicaid

- Both are federally funded health insurance programs
- Only medicaid is state and federally sponsored
- Was: retrospective payment system
- Currently: prospective payment system
- Services covered by both programs are first paid by medicare with medicaid filling the difference

Medicare

- Federally funded health insurance program for the disabled, persons with end-stage renal disease, 65 years of age or older who qualify for social security benefits
- Prospective payment system
- No premiums (paid through taxes)
- Part A: Hospital insurance
- Part B: Medical insurance
- Part C: Medicare advantage plan
- Part D: Prescription drug coverage



Medicaid



A healthcare program that assists low-income families or individuals in paying for long-term medical and custodial care costs. **Medicaid** is a joint program, funded primarily by the federal government and run at the state level

| Family Size | Net Income for Individuals who are Blind, Disabled or Age 65+ | | Medicaid Income Level for Single People, Couples without Children | | Resource Level (Individuals who are Blind, Disabled or Age 65+ ONLY) |
|----------------------------------|---|---------|---|---------|--|
| | Annual | Monthly | Annual | Monthly | |
| 1 | \$10,100 | \$842 | \$16,754 | \$1,397 | \$15,150 |
| 2 | \$14,800 | \$1,233 | \$22,715 | \$1,893 | \$22,200 |
| 3 | \$17,020 | \$1,418 | \$28,677 | \$2,390 | \$25,013 |
| 4 | \$19,240 | \$1,603 | \$34,638 | \$2,887 | \$28,275 |
| 5 | \$21,460 | \$1,788 | \$40,600 | \$3,384 | \$31,539 |
| 6 | \$23,680 | \$1,973 | \$46,562 | \$3,881 | \$34,800 |
| 7 | \$25,900 | \$2,158 | \$52,523 | \$4,377 | \$38,064 |
| 8 | \$28,120 | \$2,343 | \$58,485 | \$4,874 | \$41,325 |
| 9 | \$30,340 | \$2,528 | \$64,446 | \$5,371 | \$44,588 |
| 10 | \$32,560 | \$2,713 | \$70,408 | \$5,868 | \$47,850 |
| For each additional person, add: | \$2,220 | \$185 | \$5,962 | \$497 | \$3,263 |



Private Insurance

- “A method for individuals to maintain insurance coverage for health care costs through a contract with a health insurance company that agrees to pay all or a portion of the cost” (Cherry & Jacob, 2017, p. 113).
- Private insurance is the largest coverage of healthcare
- Premiums, copayments, and deductibles
- “As of 2012, thirty one percent of the privately insured US population under age sixty five had a deductible of \$1,200 or more” (Schoen, Osborn, Squires, & Doty, 2013, p. 2206).
- HMO, PPO, POS
- Limited role, but often times offered through employers



Managing Costs in Hospitals

- There are many different options to manage costs in hospitals, the most common are
 - Monitor medical plan provider network and prescription drug discounts
 - Set an appropriate level of cost sharing with employees
 - Encourage good consumer behaviors
 - Analyze risks in self insurance
 - Set annual premiums
 - Watch administrative fees
 - Take out high cost claims
 - Carefully manage high cost areas
 - Use data to improve programs
 - Use measurements to assess plan performance



Managing Costs in the Government

- The US spent more on health care as a percentage than any other nation in 2008
- Total national health expenditures were \$3.2 trillion in 2015
- Total National health expenditures for hospital care was 32.3% in 2015
- Efficient ways to realize value and manage costs
 - Monitor legislation and its potential impact
 - Vote!!
 - Cost Containment
 - Better research on effectiveness and costs of treatments
 - Encourage competition among payers and providers

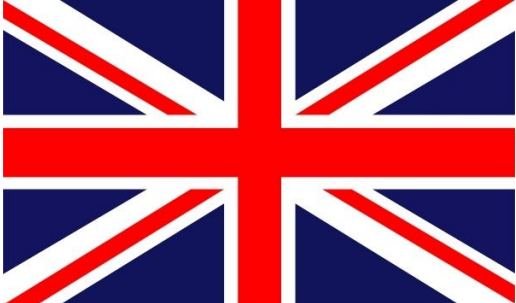
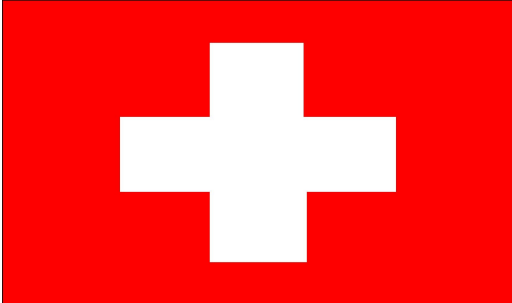



Healthcare Over the Years

- 1847- Massachusetts Health Insurance of Boston offers group policy
- 1890- Disability and illness policies are available for individuals
- 1932- Blue Cross insurance
- 1950s- The first employee benefit packages
- 1954- Social Security allows for government disability program
- 1965- Medicaid and Medicare
- 1983- DRG's are used for hospitals
- 2006- Blue Cross/ Blue Shield covered 94 million americans
- 2010- Patient Protection and Affordable Care Act (Cherry & Jacob, 2017, p. 109)



Healthcare Around the World

| England | Switzerland | France |
|--|--|--|
| <ul style="list-style-type: none">• Public health insurance is universally available, provided mainly by the NHS.• Only 10.5% of citizens in the UK have private health insurance• 98% of primary care physicians use EHRs . | <ul style="list-style-type: none">• Public health insurance is universal and mandatory• Private health insurance is complementary and covers what public insurance doesn't• 54% of primary care physicians use EHRs. | <ul style="list-style-type: none">• Public health insurance is universal and required, funded by non-profit organizations.• Private health insurance is provided complementary through employers.• 75% of primary care physicians use EHRs |
|  |  |  |

Conclusion

- Healthcare economics play a big role in:
 - Cost
 - Accessibility
 - Effectiveness
- Healthcare economics are a universal concern
- Managing costs in health care is needed throughout each level



Thank You!
Any Questions?

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