Factors Involved In Spiking US Medical Expenditures

Posted on September 3, 2023

View this essay online:
https://academic-master.com/factors-involved-in-spiking-us-medical-expenditures/

Healthcare spending in the United States from 1995 to date has increased substantially as the expenditures in healthcare services currently have surpassed $10,000 per capita. This report was presented virtually by the Department of Health and Human Services in the Journal of Health Affairs. The assessment predicts that healthcare costs are likely to grow faster in the coming years than in the national economy. According to the report, healthcare spending from 1995 to 2017 comprised 18% of the national economy (Papanicolas & Woskie, 2018). As medical expenditures across the country continue to rise, there is an obvious relationship between increasing expenditures and factors involved in annualized healthcare spending. This essay quantifies five fundamental factors involved in spiking US healthcare expenditures and their impacts on the quality of the healthcare services provided to Americans due to inefficiencies of the healthcare system.

Factors Increasing US Medical Expenditures and Their Impacts on Healthcare Provided

The official records of the US find that the ‘costs’ and ‘intensity’ of healthcare services have increased by nearly $1 trillion from 1995 to 2017 due to the following factors:

Population Growth

The growing population is a significant factor that effectively contributes to the rise in US medical expenditures. One of the single biggest factors behind sky-rocketing healthcare prices is overweight or obese. The reason why the growing population, especially the younger generation, consumes much of the healthcare services at an early age is the changes in diet patterns. (Evans, n.d.) The demand for a “Western diet” has increased the health risks as people prefer “processed food products” more than natural food resources. Therefore, a good majority of the US population suffers from chronic illnesses such as heart disease, high blood pressure, diabetes, cancer, etc. In this regard, lifestyle-related health risks in the form of chronic illnesses due to changes in diet patterns accelerate the medical costs for nearly 334 million of the US population.

Ageing of the Population

The aging population consumes more healthcare services than other people in the country and, therefore, is a major acceleration in the rise in healthcare costs. The reason is senior citizens suffer from more chronic diseases as compared to the younger population. It is reported by the official US records that the annualized growth rate of the American population from the year 1995 to 2017 was 51% as the relative expenditures of treating unhealthy populations, especially those of age 65, grew more rapidly than healthcare spending on other patients (Mendelson, 1993). With the increasing healthcare costs, there is much pressure on states and the federal's national budget, and the commoners have to face much pressure on tax rates. Although there are public healthcare programs for older people aged 65 and above that finance ageing people's healthcare, older people have to experience long-term strains on public funds.

Price of Healthcare Services

American Journal of Managed Care, in its report, provides insight into prominent partnership trends between healthcare insurers and medical service providers. The study has found that the increased healthcare provider consolidation has increased hospitals' greed in concentrated healthcare markets. Americans were charged considerably higher prices for the innovative treatments offered by private hospitals in the particular competitive market. The report clearly stated the rising costs for procedures such as coronary angioplasty expenditure were found to be 30% higher, while the procedure for knee replacement was reported to be 20% higher (American Journal of Managed Care, 2019).

Utilization of Costly Medical Technology

With the changes in lifestyle in many emerging states and the rise in chronic health problems, the demand for costly medical technology both from doctors and patients has increased. Doctors, as well as patients, prefer the newest and most advanced medical treatments over traditional healthcare services that are often expensive. The demand for innovative medical technologies has kept the game up for private hospitals as their corporate greed has led middle-class Americans to partially give up on their savings and lower-income Americans to bankruptcy.

Encouragement of Quantity Over Quality

Most insurers take full advantage of people's ignorance of the insurance facility they avail themselves of from their jobs as the healthcare system of the US is not integrated as compared to other countries. An integrated healthcare system of the country means that medical providers, support teams, hospitals, insurers, and management are all on one table for effective communication on a

patient's healthcare. (Evans, n.d.) Whereas the disintegrated US medical system results in patients paying for every visit, procedure, duplicate tests, and overtreatment rather than what patients truly need. A segment of urban people loses a lot of amount in healthcare because insurers, including Medicare, reimburse for overtreatment charges and redundant testing under a fee-for-healthcare service system (Papanicolas & Woskie, 2018). Moreover, insurers, along with providers, encourage quantity over quality, which has led a bunch of Americans to give up on their basic medical needs.

In conclusion, while there is no potential villain in the US healthcare system to blame for the spiking medical expenditures over the past years. The only villain is the factors because of the masses' ignorance of their medical rights. People need to understand the above-mentioned factors behind the immense healthcare expenditure growth to make educated choices about their healthcare. An Affordability index should be implemented by dividing the average expenditure of income by an employer-sponsored plan. This viable solution would create a corollary between household income and insurance and possibly reduce medical expenditures in the future.

References

Mendelson, D. N., & Schwartz, W. B. (1993). The effects of aging and population growth on health care costs. *Health affairs (Project Hope)*, 12(1), 119–125. https://doi.org/10.1377/hlthaff.12.1.119

Papanicolas, I., Woskie, L. R., & Jha, A. K. (2018). Health Care Spending in the United States and Other High-Income Countries. *JAMA, 319*(10), 1024. https://doi.org/10.1001/jama.2018.1150

Evans, M. (n.d.). *What We Can All Do About Rising Healthcare Costs. Forbes.* https://www.forbes.com/sites/allbusiness/2017/06/28/what-we-can-all-do-about-rising-healthcare-costs/?sh=2dbcf0c22f37

AJMC | American Journal of Managed Care. (2019). Ajmc.com. https://www.ajmc.com/