

Behavioral Sciences

MD3

Behavioral Sciences

Health Care Delivery Systems

Health Care Delivery Systems

Learning Objectives

- Answer questions about the different types of payer systems
- Demonstrate understanding of the basic definitions of health care

Health Care Delivery Systems

Private Insurance Medical plan that patients purchase to hedge against medical costs

- Patient pays monthly premium
- When/if patient is ill, insurance company will pay for bulk of the medical bills

Health Care Delivery Systems

Medicare Federal government program that makes health care payments to those on Social Security

- Program pays health care costs for elderly (age >65), disabled, and dependents of disabled
- Part A pays for hospital care
- Part B pays for physician services
- Annual deductibles and co payments are applicable

Health Care Delivery Systems

Medicaid Joint state/federal program that covers all care for those on welfare

- Covers hospital stays, physician services, medication, and nursing homes
- There are no deductibles or co-payments

Health Care Delivery Systems

Health Maintenance Organization (HMO)

Prepaid group practice that hires physicians or contracts with physicians to provide services

- Payment is made by capitation: fixed payment for the number of patients in their care
- Physicians receive only minor additional compensation for care when it is provided
- Preventive care is incentivizing

Health Care Delivery Systems

Preferred provider organization (PPO)

- Fee-for-service at a discount • Provider makes money on volume, i.e., less money per patient but more patients
- Efficiency is rewarded

Health Care Delivery Systems

Deductible

Before insurance assistance begins, patients must pay a certain amount called a deductible. After the deductible is “met,” the remainder of the bill is divided between the patient and insurance company (co-insurance).

- In an annual deductible, patient pays certain amount each year
- In a per-occurrence deductible, patient pays certain amount each time services are rendered
- Co-payment is a flat fee due at time of service that is based on type and location of service (e.g., primary care \$25, specialist \$45)
- Coinsurance is the portion, or percentage, of final bill that patient and insurance are each responsible for paying (e.g., 80/20 = insurance covers 80% of remaining bill and patient is responsible for 20%) (full coverage means insurance covers 100% of bill)

Health Care Delivery Systems

Capitation

Capitation is a fixed, pre-arranged monthly payment made for each patient.

- Physicians are paid for number of patients they are responsible for, not for how “much” they do for each patient.
- Same payment is made whether services are used or not.
- No additional (or only minimal) payment is made when services are used.
- Physicians make money when patients stay well and require no services.
- Under-treatment is incentivized, but also more likely to foster preventive medicine.

Health Care Delivery Systems

Catastrophic Coverage

Catastrophic coverage is insurance for big medical events.

- It is more appealing for younger patients who do not expect to have medical expenses.
- Insurance premiums are lower, but out-of-pocket costs are larger if one becomes sick.

Health Care Delivery Systems

Medically Indigent Adults

Medically indigent adults (MIAs) do not have private health insurance. They are not eligible for other health care coverage, such as Medicaid or Medicare.