HEALTHCARE ECONOMICS ISSUES

Name

Course

Tutor

Date

Healthcare Economics issues

**Construct it**

The company that has been chosen for this analysis is Construct it.

**The demographics of the company**

Over the years, Construct it company has run its activities without providing health insurance coverage to its employees. The company has one thousand (1000) employees of whom none has been registered to any health benefits scheme. However, there has been a change in the business strategy, and the management is willing to pay $ 4,000 for every employee for the cover of a wide range of risks. An examination of the employee database reveals that the organization has five hundred and fifty men (550) and four hundred and fifty women (450). Furthermore, the data suggest that most of the employees range from the ages of 26 to 45 years. A further examination of the employees reveals that 57% of the workers are in the high activity areas of work while the remaining are distributed to the moderate regions and the sedentary sections of the organization. The understanding of the risks in the organization is important since it helps in deciding on the premiums that need to be contributed by each employee.

**Health care risk factors or potential areas of high usage**

As indicated in the preceding section, the understanding of the risks determines the rates of premiums that the company would be remitted to the insurance providers. In the situation, it is evident that there are 38% of employees who are not under any significant risks. These individuals work in departments and sections where there is no direct threat to their health conditions. However, while a good number of the employees are not under health risks, an average of 18% of the individuals are smokers, and that predisposes them to a wide range of health issues. Besides, an average of 13% of employees is suffering from a broad spectrum of respiratory illness. Apart from the listed infections, there is a growing trend of obesity conditions in the company. Over 39% of the employees of Construct it is obese. Medically, the prevalence of obesity is one of the risks that put individuals at risk of obtaining some illnesses. With the increases in the cases of obesity among the employees, diseases such as hypertension and diabetes become a significant consideration.

Castor offers some insurance policies that would be relevant to the situation of Construct it. It is incredibly important to have an analysis of the policies available to determine the most appropriate risks to cover. The decision of the risks to cover is based on a broad range of considerations to make sure that the service provider minimizes on risks and at the same time remain profitable. On the first case, Castor offers the Castor Standard plan. In its design, the castor standard policy was not intended to cover conditions that were in existence before the contract is entered. For instance, when a person has diabetes before the insurance plan comes into existence, the policy would not cover it. An examination of the situation of Construct it reveals that the company would benefit immensely. If this situation is examined against the risk factors that the company has indicated, they will end up spending $ 3,428. That amount would be much lower than the value that they had estimated to pay.

Castor Enhanced plan is the second option that is available to the company. In this arrangement, the company would be in a position to cover all the infections and illnesses that were in effect before the program would be put to effect. On the flipside, while the benefits would include the illnesses that were in effect before the plan, the costs would be slightly above what was planned for by the company. Concerning this, Construct It would have to reevaluate its budget and see what is at stake.

Of the two options available to the company, it would be useful for Construct It to opt for the Castor enhanced plan. The primary reason is that the policy would adequately cover the medical needs of the employees regardless of the period in which the illnesses started. In this regard, the employees would enjoy additional benefits from the company. Concerning the other costs, while it is noticeable that the costs would be slightly higher than the budgeted costs, it is necessary to point out that the expenses would not be in a position to adversely affect the financial situation of the company.

References

University of Phoenix. (2010). Understanding Economic Issues for HMO's [Computer Software]. Retrieved on May 20, 2011, from University of Phoenix Simulation, HCS/440- Economics the Financing of Healthcare course website.