

# **BHA-FPX 4112 Assessment 2: The Supply And Demand Of Health Care**

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## **Assessment 2 Instructions: The Supply And Demand Of Health Care**

Write 7-9 pages that compare different models of supply and demand, as well as analyze how legislation and reimbursement methods impact supply and demand for health care.

As we take a closer look at the demand side of economics, we will consider how need versus demand is different and how this impacts planning and policy in the healthcare environment. Demand is typically initiated by the patient; however, provider involvement significantly impacts demand. Since the patient is dependent on the provider for expertise and medical opinion, there is a risk that demand will be increased. This is unique to the healthcare industry since consumers are not typically as dependent on the supplier of a service in other industries when making a purchase.

Another important driver of demand is the insurance company. Patients initiate the health care service but are not responsible to pay the bill—and this has the potential to skew the demand curve. This is one of the ideas behind high-deductible health care and the effort to control the consumption of services by making the patient responsible for a higher percentage of the overall bill. Finally, you will be offered an opportunity to think about the implications of free medical care and how that may impact the demand for health care services.

Like the demand curve, the healthcare field presents unique and interesting challenges to the supply of health care. You will be introduced to the concept of economic efficiency and the impact of inefficiencies on cost. The production function will be further explored, which is the relationship between the output of a product or service compared to the resources used to produce it (Feldstein, 2012). Competition, market structure, market performance, and public policies as they relate to the supply of health care services will be discussed as well.

The evolution of healthcare insurance has impacted aspects of health care economics such as price competition, medical loss ratios, and risk. As you prepare to complete the assessment, consider the role that copays, coinsurance, and deductibles play on the demand curve and reflect on your opinions related to the effectiveness of high-deductible health plans in controlling the demand of health care services.

### **Reference**

Feldstein, P. J. (2012). *Health care economics* (7th ed.). Clifton Park, NY: Delmar.

### **Demonstration Of Proficiency**

By successfully completing this assessment, you will demonstrate your proficiency in the course competencies through the following assessment scoring guide criteria:

Competency 1: Analyze historical perspectives and current trends in the healthcare industry.

Explain current legislative trends that influence the supply and demand of health care.

Competency 2: Assess the United States healthcare system from an economic perspective.

Compare and contrast the demand of health care services with the demand of an automobile.

Compare and contrast the supply of health care services with the supply of an automobile. Competency 3: Analyze the evolving economic reimbursement trends, methods, and technology.

Analyze reimbursement methods that influence the supply and demand of health care services.

Competency 5: Communicate in a manner that is scholarly, professional, and respectful of the diversity, dignity, and integrity of others and is consistent with expectations for health care professionals.

Write following APA style for in-text citation, quotes, and references.

Write clearly and logically, with correct use of spelling, grammar, punctuation, and mechanics.

### **Context**

The basic economic laws of supply and demand do not work the same way in the healthcare industry as they do in other industries. A few of the contributing issues include: demand cannot be restricted to only those with an ability to pay since health care is considered a basic human right (need versus demand), demand is increased due to a third party (insurance or government) that pays for the service, and our supply is limited based on a highly skilled human resource variable (physicians).

### **Instructions**

In this assessment, you will consider these contributing issues and others that you identify in your research as they relate to the free market. Compare and contrast the laws of supply and demand of the healthcare industry with that of the automobile industry and explain how the economic structure of the healthcare industry is different from other industries. Reviewing the following media pieces may help to solidify your understanding of the economic concepts and industries relevant to this assessment.

[Health Care Supply and Demand | Transcript.](#) [Supply, Demand, & Reimbursement | Transcript.](#)

Also, make sure to consult the scoring guide to make sure you are meeting the communication criteria and achieving at your desired rubric level.

- Compare and contrast the demand of health care services with the demand of an automobile (Competency 2).
  - Identify the key contributing factors that determine demand of health care
  - Identify the key contributing factors that determine demand of an
  - Compare and contrast the similarities and differences of the demand curve of these two
- Compare and contrast the supply of health care services with the supply of an automobile (Competency 2).
  - Identify the key contributing factors that determine supply of health care
- Identify the key contributing factors that determine supply of an
- Compare and contrast the similarities and differences of the supply curve of these two

- Explain current legislative trends that influence the supply and demand of health care (Competency 1).
  - Explain how Medicare and Medicaid impact supply and demand of health care
  - Discuss the impact of the uninsured population on the supply and demand of health care
- Analyze reimbursement methods that influence the supply and demand of health care services (Competency 3).
  - Identify the stakeholders who pay for health care
  - Analyze the impact of different reimbursement methodologies and payment models on the supply and demand of health care
- Write following APA style for in-text citation, quotes, and references (Competency 5).
  - Determine the proper application of APA formatting requirements and scholarly writing
  - Assess the relevance and credibility of information
- Write clearly and logically, with correct use of spelling, grammar, punctuation, and mechanics (Competency 5).
  - Apply the principles of effective
  - Determine the proper application of the rules of grammar and

## **Submission Requirements**

**Written Communication:** Prepare an assessment free of errors that detract from the overall message, with writing that is clear, precise, and scholarly. Concepts flow in a logical order.

**References:** Cite at least three references from peer-reviewed journals, in addition to your text.

**Length:** Submit 7–9 pages.

**APA:** Use correct APA style and formatting. You may wish to use or consult the following: [APA Style Paper Tutorial \[DOCX\]](#).

[APA Style Paper Template \[DOCX\]](#). [APA Style and Format](#).

## **SCORING GUIDE**

Use the scoring guide to understand how your assessment will be evaluated.