

How Obama's Health Insurance Reform Will Shift Peoples Behavior – Transcription

There are some other concerns when it comes to gross cost of care and the Obama health insurance reform.

Right now we have a system where you have different levels of deductibles. Let's compare two plans with two different deductibles, which is the amount of money that you are going to pay before the health insurance company starts covering the medical cost. Say one person has a \$500 deductible and another has a \$5000 one. Which deductible is going to make you think harder about your medical choices and find the best prices available?

Let's say that a medical procedure is going to cost \$1000. With the \$500 deductible you are only going to have to worry about the \$500 deductible and your insurance will cover the rest. With the \$5000 deductible you are going to be paying the full \$1000 and any other potential unforeseen costs that might come with it. Most people think that the \$500 deductible is great but what behavior that drives is spending money that may not be necessary since it is not your money that is being spent. With the \$1000 deductible you are going to make sure that you are buying the best procedure from the best doctor because it is your money that is being spent.

There needs to be transparency in what you are buying. This means that you know how much each medical service is going to cost you in a competitive environment. It's funny that when it comes to buying a car, a person will shop around for the best one at the best price, so why would you not want to do that with your own health care?

We have been trained to not buy health care based upon service and price and what we need to do know is to become more knowledgeable about prices and decisions. When you start having the government coming into the health insurance industry and saying that they are going to cover a certain amount, such as only having a \$500 deductible per person, abuses are going to occur with medical services. What will happen is health care is going to go up past the inflation every cycle.