Dropbox - Short Essay 4

Write a short (2-3 page, double-spaced, typed) essay identifying and describing the current state of the health care industry using the tools we have studied this semester. You will find an overview of the economics of health care in chapter 30 and a discussion of Medicare in Chapter 5. Also, in your paper list the pros and cons related to the health insurance industry along with a short explanation of health insurance. You are asked to develop your own solution to this social issue. Your answer in terms of what you think is the socially optimal solution versus the economic least cost solution, but you must understand and explain the economic costs of your decision.

**THREE CHOICES:**

Here's an example that I used to give every semester to illustrate one very important issue in health care.  Let's say you go to your doctor, you have an ailment and no insurance, he or she tells you have three choices.

1) A treatment that costs $1,000 and has a 98% success rate

2) A treatment that costs $15,000 and has a 99% success rate

3) A treatment that costs $40,000 and has a 99.9% success rate.

Remember you have to pay the cost for this treatment yourself.  Which one will you choose?

Now let's say that you have insurance and the procedure will cost you nothing regardless of the option you choose.  Now which one will you choose?

Would it make a difference in either of these two scenarios if this was just a chronic disease or if it was life and death?

What if it was your child that was ill?

The essay is due by 11:59 pm CT Saturday.