Notes on Chapter 11, "Dividing up health care resources"

On pp. 632 – 633, Vaughn discusses per capita spending on health care and life expectancy at birth. *Per capita spending* is spending per person, and it is found by taking the total spent on health care in a year and dividing it by the population.

Calculating the average life span for a population is kind of complicated. Basically, such a measure will tell us how long people typically live in a country, but we don't want to use the average age of everyone who has died in a particular year, which will be affected by the distribution of ages in the population (i.e., by a younger or an older population). Instead, *life expectancy at birth* is typically used. This is a calculation of how long someone born in the current year can expect to live given the current rates of death (i.e., currently, how many infants die before age two, how many people die from cancers at various ages, how many die from complications of smoking at various ages, etc.)

In col. 2 on p. p. 633, Vaughn discusses managed care plans. These are health insurance plans, and as he says, there are basically two types: HMOs and PPOs. (What the letters stand for isn't particularly revealing or important.) PPOs allow those covered by the insurance plan to use in-network providers (i.e., physicians, specialists, hospitals) and—for a higher cost but still covered by the insurance—out-of-network providers. HMOs only allow those covered by these insurance plans to use in-network providers. If someone in an HMO wants to see a doctor who isn't in the plan's network, he or she would have to pay out of pocket.