

Risk distribution, wealth redistribution and pre-paid expenses

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Risk distribution

Insurance against rare, high
cost adverse incidents



Wealth redistribution

Socialism, solidarity, pay-as-you-go
social insurance,
wealth transfers and
rent-seeking



Pre-paid expenses

Health maintenance organization
(e.g. Kaiser Permanente & Coomeva
Medicina Prepagada)



Why are employers involved with health insurance?

- Wage caps during World War II USA > employers compete for personnel with secondary benefits.
- Sometimes more value for \$ to provide tax-free benefits in kind rather than wage increase.
 - Paternalism.



THANK YOU

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