**Regulatory vs. Allocative Health Policies**

Regardless of their form, policies may be categorized as allocative or regulatory in nature. Allocative policies typically provide net benefits to a certain distinct group of actors at the expense of others in order to meet public objectives. For example, medical education is heavily subsidized by the government in order to prevent undersupply of physicians. Regulatory policies are designed to influence action, behaviors, and decisions of actors within a sector. Regulatory health policies include market-entry restrictions, rate or price setting controls on health service providers, quality controls on the provision of health services, market-preserving controls, and social regulation. The role of the federal government of the United States in health policy making is similar to any other policy making approach. The executive branch, under the president of the United States, implements and enforces laws written by the Congress.

Regulatory vs. Allocative Health Policies

|  | **Regulatory Health Policies** | **Allocative Health Policies** |
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| **Purpose** | Influence individual behavior, decisions, and actions to ensure objectives are met | Benefit a group of individuals at the expense of others to ensure objectives are met |
| **Examples** | Social regulations, market entry decisions, rate or price setting, and quality control | Medicare, Medicaid, unemployment benefits, etc. |
| **Resources** | Individual or organizational support and enforcement | Government funds or taxation with redistribution |

The Department of Health and Human Services (HHS) is one of the fifteen executive departments and is the principal agency responsible for protecting the health of Americans. Health and social science research, disease outbreak prevention, food and drug safety, and health insurance provision come under the purview of HHS agencies. State governments, within the context of their own constitution and bill of rights, are structured similar to the federal government, operating within the state boundaries. States have constitutional authority to establish laws that protect public health and welfare. Furthermore, states, as purchasers of healthcare services, act as regulators, safety net providers, educators, as well as laboratories for experimentation with new policy. In the United States, health policy making is driven by “demanders” of policies. The most effective constituency of demanders seems to be well organized interest groups that are able to exert maximum influence on health policies.