

Instructor:

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Mondays and Wednesdays, 9:00 a.m. to 10:00 a.m.

A. COURSE DESCRIPTION

This course examines alternative approaches to structuring a nation's health system and of reforming existing systems, drawing in selected topic of standard health economics where needed.

The course begins with an overview of the social goals and basic building blocks of health systems and thereafter explores each of these building blocks in depth, drawing on the literature of health economics proper when needed. This material applies to all health systems, whether in developed or developing countries. Later in the course we shall explore how different nations have organized their health systems and how one might evaluate the performance of those systems. Because 2009 may be the year of major health reform in the United States, more than the usual attention will be paid to that process.

It will be assumed that students in the course have taken a standard course in microeconomics, at a technical level equivalent to the B-track in the economics curriculum of the WWS graduate program.

B. TEXTBOOK

Although there are no formal textbooks in the course, several chapters of basic text in standard *health economics* will be assigned:

Sherman Folland, Allen C. Goodman and Miron Stano, *The Economics of Health Care*, 5th ed. (Upper Saddle River, N.J.: Prentice Hall, 2007) – hereafter Folland, Stano and Goodman.

This book is the most widely used textbook in health economics used in the United States. For the most part, its analytic platform is standard neo-classical theory and it leans toward the ideological bent that tends go with that analytic framework. Students who plan to work in the field of health policy are encouraged to acquire the text as a future source of reference, as health policy makers in many parts of the world, and at the World Bank, have tended to view health care through that disciplinary prism.

We will also draw heavily on the World Bank Publication

Pablo Gottret and George Schieber, *Health Financing Revisited: A Practitioner's Guide*, The World Bank, 2007 (<http://go.worldbank.org/5S7Z2FUL80>) -- hereafter Gottret and Schieber (World Bank).

Students may wish to purchase this inexpensive primer on health-systems, as it emphasizes low- and

Additional material will be available on reserve in the Stokes Library, or will be distributed to students during the course, or can be downloaded from the Internet. To distribute material, the course

will take advantage of the excellent support provided by the *Blackboard* website.

C. USEFUL WEBSITES

The European Observatory on Health Systems and Policies: In collaboration with a number of European governments and academic institutions, the European branch of the World Health Organization, based in Copenhagen, Denmark, operates a website that features descriptions of the health system of many countries around the globe (as of around 2000-2001), along with current reports on specific policy developments in each country. The home website is:

<http://www.euro.who.int/observatory>

If the link shown above does not work, just Google “*European Observatory*.” The first link appearing will get you there.)

Bertelsmann Foundation: A similar collaboration was recently begun by the German Bertelsmann Foundation. Health policy researchers from about a dozen industrialized countries complete twice a year a common, highly structured questionnaire on recent health-policy developments in each country. These country reports are particularly interesting, because they are analytically structured to track policies from their original conception through various stages, including implementation, if they reached that stage. The website is:

<http://www.health-policy-monitor.org/index.jsp>

This is a very sophisticated and highly structured website that may initially seem daunting, but it is rich in truly up-to-date information on health policies in some 16 countries. We shall view it in class. It also provides direct links to many other sources in Europe and the U.S. for health policy.

The CIA Factbook: This website has data on many social, political and economic facets of most countries in the world. Students last year found the site very helpful in preparing their country reports.

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

The World Bank: The World Bank home page is at (www.worldbank.org and its section on data at www.worldbank.org/data. These sites have numerous publications on health care.

The Pan American Health Organization (PAHO): The PAHO’s website is www.paho.org. It has material on Latin America, where many efforts at health reform are underway.

The World Health Organization (WHO): The WHO’s home page is at <http://www.who.int/en/>. Its statistical material can be found at <http://www3.who.int/whosis/menu.cfm> and its publications at <http://www.who.int/pub/en/>.

The Pan American health Organization (PAHO): Mrs. Ana Lucia Ruggiero of PAHO maintains and distributes a truly wonderful reading list of cross national studies in health and health care, ranging over a wide selection of topics and countries. To be included in her e-mail list, send a message to: listserv@paho.org. In the body of the message, type: SUBSCRIBE EQUIDAD name and last name. If you have trouble with that approach, please e-mail her at Ruggiero, Mrs. Ana Lucia (WDC) [ruglucia@paho.org] or ask me to send your name to her. You may also wish to browse at

<http://listserv.paho.org/Archives/equidad.html>,

The Commonwealth Fund: Based in New York, this think tank's website features a rich variety of policy papers on U.S. domestic policy, with a primary focus on vulnerable populations, but a new focus in high-performance health systems. The Commonwealth Fund is the only U.S. think tank consistently featuring cross-national studies in health care and health policy. The site is:

<http://cmwf.org>

The Henry J. Kaiser Family Foundation: This think tank, based in Palo Alto, CA and Washington, DC is devoted strictly to U.S. domestic health policy, with primary emphasis on Medicare, Medicaid, and the uninsured. It features the best website for statistics on health care on a state basis. The site is:

<http://www.kff.org>

Congressional Budget Office: A rich and varied menu of policy studies on U.S. domestic health policy can be found at the websites of the Congressional Budget office (CBO) and the Government Accountability Office (GA). The site is

Health Affairs: Among the many journals devoted to health policy one stands out, namely, Health Affairs. It is simply the premier such journal in the world. It is available free of charge to Princeton students at

<http://www.healthaffairs.org/>

There are mainly additional think tanks *working in health care, among them the Alliance for Health Reform* (<http://www.allhealth.org>) which organizes truly non-partisan briefings on health policy for the media and Congressional staffers, the *National Health Policy Forum* (<http://www.nhpf.org/>) which organizes similar meetings, the *American Enterprise Institute (AEI)* (<http://www.aei.org>) whose political orientation is right of center, the *Brookings Institution* (<http://www.brookings.edu>), which probably thinks of itself as centrist but slouches somewhat to the left of center, the *Cato Institute* (<http://www.cato.org/>) which is unabashedly and consistently libertarian in its outlook, the *Center for Budget and Policy Priorities* (<http://www.cbpp.org/>) which one would place left of center, the *Employee Benefits Research Institute (EBRI)* (<http://www.ebri.org/>) which is a non-partisan think tank devoted mainly to employment-based fringe benefits, the *Heritage Foundation* (<http://www.heritage.org/>), a conservative think tank, and the *Center for American Progress* (<http://www.americanprogress.org/>), founded and run by former Clinton White House Chief of Staff John Podesta, which describes itself as a "progressive think tanks for a strong, free and just America." Although it is common for Washington think tanks to describe themselves as "non-partisan," most of them do have a distinct ideological bent in what they publish.

D. ORGANIZATION OF THE COURSE

The sessions in the course will be a mixture of class discussion and lectures, as appropriate. Students will be asked to write two papers in the course:

1. a shorter state-of-the art paper of 2,500 to 3,000 words (10 – 12 double spaced pages) on what is known in the research literature on a particular facet of health policy (e.g., paying physicians or community-based health insurance systems in developing countries) due one

week after the fall recess, and

2. a longer paper of 5,000 or so words or 25 or so type written double-spaced pages (the usual lengths of health policy papers published in *Health Affairs*) on a broader topic of the students choice, but closely related to the subject matter of this course. That paper is due on Dean's day in January.

There will not be a written examination in the course.

D. COURSE GRADE

The final course grade will be a letter grade accompanied by a written evaluation of the student's work in the course. Both will be based, very roughly, on (1) the score on the midterm paper (30%), and the final major paper (70%).

COURSE OUTLINE

A particular topic may require less or more than a full session. It is expected that students will have read the assigned material before coming to class, so it can be discussed there. Recommended readings are not formally assigned, but may interest particular students.

PART I: THE GENERAL STRUCTURE OF HEALTH SYSTEMS

In this part, we shall examine conceptual frameworks for the study of health systems and then examine the crosscutting concepts of “equity and “efficiency,” as they apply to health-care.

1. A SYSTEMS PERSPECTIVE ON HEALTH-CARE SYSTEMS

Assigned readings:

- William C. Hsiao “Why Is A Systemic View Of Health Financing Necessary?” *Health Affairs*, July/August 2007; 26(4): 950-961.
- Cottret and Schieber (World Bank), “Overview”, p. 1-21.

PART II: THE CONCEPTS OF “EQUITY” AND “EFFICIENCY”

2. THEORIES OF DISTRIBUTIVE JUSTICE AND THE MEANING OF “EQUITY” FOR HEALTH-CARE SYSTEMS

Assigned readings:

- Marc J. Roberts, William Hsiao, Peter Berman and Michael R. Reich, *Getting Health Reform Right: A Guide to Improving Performance and Equity*, Oxford University Press (2003) (A good treatment of alternative theories of justice).
- Adam Wagstaff, “Equity in Health Care Finance and Delivery,” in Culyer and Newhouse, “*Handbook of Health Economics*,” vol. 1A (2000); pp. 1804-62. Read the prose sections of this classic paper to get a feel for how difficult it is to define and measure “equity” in health care. Do not get bogged down in the heavily mathematical sections).
- Adam Wagstaff, “Measuring Financial Protection in Health,” The World Bank - Development Research Group - Human Development and Public Services Team, March 2008 - Policy Research Working Paper 4554. Available online as PDF file [34p.] at: http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/03/12/000158349_20080312140044/Rendered/PDF/wps4554.pdf

Recommended:

- Folland, Goodman and Stano, Chapter 18 “Equity, Efficiency and Need”.

3. THE ECONOMIC CONCEPT OF “EFFICIENCY” AS A GUIDE TO HEALTH POLICY

In the debate on health policy, casual reference to “efficiency” is routinely made without a full understanding of what that term actually means to economists and to non-economists. In this session, we shall take a critical look at the usefulness and limits of that concept in the context of health care, and the frequent misuse of the term by economists (who should know better).

Assigned readings:

- U. E. Reinhardt, “Can Efficiency in Health Care be Left to the Market?” *Journal of Health Politics, Policy and Law* 26(5) (October 2001); pp. 967-92.
- Folland, Goodman and Stano, Chapter 7, Section on “Health Insurance and the Efficient Allocation of Resources”; pp. 155-60. (An illustration of how neo-classic economists use the concept of efficiency in the context of health care).

Recommended:

- Thomas Rice, *The Economics of Health Care Reconsidered* (2002) Chapter 2 “Market Competition”; pp. 9-66. (Covers the same ground as Folland, Goodman and Stano, pp. 376-400, but is highly critical of the neoclassical economic theory of health care.)

PART III. THE BASIC BUILDING BLOCKS OF A HEALTH SYSTEM

Recalling the distinct economic functions any health system has to perform, we shall next explore alternative ways of performing each of these functions. In the first few sessions, we shall explore alternative methods of extracting money for health care from households, which ultimately and collectively pay for all health care. Governments and employers are merely pumping stations moving the money from households to the providers of health care through two additional pumping stations, as are private or public insurers.

A. FINANCING HEALTH SYSTEMS

4. ALTERNATIVE METHODS OF FINANCING HEALTH CARE

Assigned readings:

- Marc J. Roberts, William Hsiao, Peter Berman and Michael R. Reich, *op. cit.* Chapter 8 “Financing.”
- Robert G. Evans, “Financing health care: taxation and the alternatives,” in Elias Mossialos, Anna Dixon, Josep Figueras and Joe Kutzin, eds. *Funding health care: options for Europe* (Philadelphia: Open University Press), 2002): 31-58;
- Pablo Gottret and George Schieber (World Bank), Chapter 2, “Collecting revenue, pooling risk and purchasing services”, pp. 45-72.

Recommended:

- http://www.allhealth.org/briefing_detail.asp?bi=126 (This link takes you to a recent

conference on the role of private and public financing in health care in developed countries. There's a webcast, transcripts and PowerPoint slide decks. Perspectives along the ideological spectrum are offered.

5. EMPLOYERS AS PUMPING STATIONS: REDUCED TAKE-HOME PAY

Many policy makers believe that employers share responsibility for financing health care in the nations in which they operate. In this lecture we explore that proposition.

Assigned readings:

- Uwe Reinhardt, Lecture notes on "The Economist's Take on the Incidence of Employer-Provided health Insurance." (To be distributed by e-mail.)
- Folland, Goodman and Stano, Chapter 11, pp. 218-226.
- Thomas M. Selden and Bradley M. Gray Tax Subsidies For Employment-Related Health Insurance: Estimates For 2006 *Health Affairs* (November/December 2006): 25(6): 1568-1579.

Recommended:

- Linda J. Blumberg, "Who Pays for Employer Sponsored Health Insurance," *Health Affairs* (November/December, 1999): 58-61.
- Alain C. Enthoven and Victor R. Fuchs, "Employment-Based Health Insurance: Past, Present, And Future," *Health Affairs* (November/December 2006) 25(6):1538-1547

B. RISK POOLING: PRIVATE AND PUBLIC HEALTH INSURANCE

6. PRIVATE INSURERS AS RISK POOLERS AND PURCHASERS OF HEALTH CARE

In modern health systems, the providers of health care receive most of their payments from third parties—either private or public health insurance programs. In this session we will examine how economists' model private health insurance, and why they impute inefficiency to it.

Assigned readings:

- Uwe Reinhardt, Lecture Notes on the Economics of Health Insurance," (to be distributed by e-mail).
- Folland, Goodman and Stano, Chapter 8 "Demand and Supply of Health Insurance" and Chapter 11, Sections on "Loading Costs and the Behavior of Insurance Firms," pp. 215-18; "The Market for Insurance," pp. 226-29; "The Uninsured: An Analytic Framework," pp. 229-34; "Insurance: Technological Change and Higher Costs," pp. 234-37.

Recommended:

- Mark Pauly, "Risks and Benefits in Health Care: The View from Economics," *Health Affairs*, (May/June, 2007): 653-662.

7. THE ECONOMIC AND SOCIAL ROLE OF “SOCIAL INSURANCE”

Assigned readings:

- Theodore R. Marmor and Jerry L. Mashaw, “Understanding Social Insurance: Fairness, Affordability, And The ‘Modernization’ Of Social Security And Medicare,” *Health Affairs*, May/June 2006; 25(3): w114-w134. (A Liberal view.)
http://content.healthaffairs.org/cgi/search?andorexactfulltext=and&resourcetype=1&disp_type=&author1=&fulltext=social+insurance&pubdate_year=&volume=&firstpage=
- Henry J. Aaron, “A Message To Friends Of Social Insurance: Wake Up!” *Health Affairs*, May/June 2006; 25(3): w135-w137.
<http://content.healthaffairs.org/cgi/reprint/25/3/w135?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&fulltext=social+insurance&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>
- **Thomas R. Saving**, “Social Insurance And Elderly Entitlement Reform: Are They Compatible?” *Health Affairs*, May/June 2006; 25(3): w138-w140. (A conservative view).
<http://content.healthaffairs.org/cgi/reprint/25/3/w138?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&fulltext=social+insurance&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>

8. “CONSUMER-DIRECTED HEALTH CARE” (CATASTROPHIC INSURANCE ONLY)

Assigned readings:

- Katherine Baicker, William H. Dow, and Jonathan Wolfson, “Lowering The Barriers To Consumer-Directed Health Care: Responding To Concerns” *Health Affairs*, September/October 2007; 26(5): 1328-1332. (Prof. Baicker worked in the White House of President George G. Bush who advocated this approach to health insurance.)
<http://content.healthaffairs.org/cgi/reprint/26/5/1328?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&fulltext=Consumer+Directed+Health+Care&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>
- Melinda Beeuwkes Buntin, Cheryl Damberg, Amelia Haviland, Kanika Kapur, Nicole Lurie, Roland McDevitt, and M. Susan Marquis, “Consumer-Directed Health Care: Early Evidence About Effects On Cost And Quality,” *Health Affairs*, November/December 2006; 25(6): w516-w530. Available at <http://content.healthaffairs.org/cgi/reprint/25/6/w516?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&author1=Beeuwkes+Buntin&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>
- Len Nichols, Paul Ginsburg, Robert Berenson, Jon Christiansen and Robert Hurley, “Are Market Forces String Enough to Deliver Efficient Health Care Systems? Confidence is Waning,” *Health Affairs* (March/April, 2004): 8-21. (The authors are highly respected health policy researchers. They base their analysis on twelve U.S. communities they have been tracking for almost a decade.) Available at <http://content.healthaffairs.org/cgi/reprint/23/2/8>

C. METHODS OF PAYING THE PROVIDERS OF HEALTH CARE

9. METHODS OF PAYING PHYSICIANS

We will discover in this session that there does not exist an ideal method of paying these providers of health care and that any particular payment method chosen involves implicit trade-offs among desirable and undesirable features.

Assigned readings:

- Roberts et al., Chapter 9 “Payment Systems and their Incentives.”
- U. E. Reinhardt, "A Framework for Deliberations on the Compensation of Physicians," *Journal of Medical Practice Management*, Vol. 3, No. 2, (Fall 1987): pp. 85-95. (To be distributed).
- The Medicare Payment Advisory Commission, “Physician Services Payment System.” (A simple, 3-page primer on how Medicare pays physicians.)
<http://www.allhealth.org/BriefingMaterials/Physicianservicespaymentsystem-paymentbasics-MedPac-668.pdf>

10. METHODS OF PAYING HOSPITALS: PIECE-RATE vs BUNDLED SERVICES (DRGs)

Assigned readings:

- Uwe E. Reinhardt “The Pricing Of U.S. Hospital Services: Chaos Behind A Veil Of Secrecy,” *Health Affairs*, January/February 2006; 25(1): 57-69.
- Medicare Payment Advisory Commission (MedPac), “Outpatient Hospital Services Payment System.” (4 pages)
- Medicare Payment Advisory Commission (MedPac), “Hospital Acute Inpatient Services Payment System.” (5 pages)
http://www.medpac.gov/documents/MedPAC_Payment_Basics_08_OPD.pdf
- http://www.medpac.gov/documents/MedPAC_Payment_Basics_08_hospital.pdf
- Folland, Goodman and Stano, section on “Prospective Payment” (for hospitals) and “Regulation of Physician Payment,” pp. 432-43 (only) in Chapter 6 “Government Regulation—Principal Regulatory Mechanism.” (The authors illustrate how economists model the impact of prospective payment for hospital payments and describe the nature of the relative value scale for physicians, both for Medicare).

11. METHODS OF PAYING FOR PRESCRIPTION DRUGS

Assigned readings:

- U. E. Reinhardt, “Perspectives on the Pharmaceutical Industry,” *Health Affairs* (September/October, 2001): 136-148). (See especially the section on the virtue and vice of price discrimination for pharmaceutical products).
- Joseph P. Newhouse, “How much should Medicare pay for drugs?” Forthcoming in *Health Affairs* (January/February, 2004). (Mimeographed; to be distributed. This paper represents a fine lecture on the impossibility of attaining both static efficiency and dynamic efficiency with drug prices under third-party payment).

- Panos Kavanos and Uwe Reinhardt, "Reference Pricing for Drugs: Is it Compatible with U.S. Health Care?" *Health Affairs* (May/June, 2003): 16-30. (Reference pricing is an increasingly popular method of engaging market forces to control drug prices).

Recommended:

- G. Lopez-Casasnovas and J. Puig-Junoy, "Review of the literature on reference pricing," in G. Lopez-Casasnovas and Bengt Jönsson, eds., *Reference Pricing and Pharmaceutical Policy*, Springer-Verlag Iberica (2001): 1-41. (This is a fairly recent survey of the literature on reference pricing for prescription drugs and its application around the world. Its depth goes beyond the compass of this course, but students interested in the topic will find this survey helpful.)
- Marc J. Roberts, "Would we be able to recognize a socially desirable reference pricing system if it bit us in the ankle?" in G. Lopez-Casasnovas and Bengt Jönsson, eds., *Reference Pricing and Pharmaceutical Policy*, Springer-Verlag Iberica (2001): 161-177. (A wonderfully iconoclastic review of economic analyses marshaled in opposition to reference pricing. In fact, it is a trenchant commentary on the role of economic theorizing in health-policy formulation in general.)

12. NEW APPROACHES TO PAYING PROVIDERS: BUNDLED PAYMENTS FOR CLINICALLY INTEGRATED HEALTH CARE

Assigned readings:

- Michael E. Porter and Elizabeth Olmsted Teisberg, "Redefining Competition in Health Care," *Harvard Business Review* (June, 2004) vol. 86, issue 6. Accessible at link <http://www.nihp.org/events/MARS/MARSKickoff/redefining%20competition.pdf>. This is a distillate of their book entitled *Redefining Health Care: Creating Value-based Competition on Results* (Boston: Harvard Business School Press, 2006)
- Tom Miller, "An Information Prescription For Health Care's Cognitive-Disorder Problems." Trenchant Book Review of Porter and Teisberg in *Health Affairs* 2006 25(5). Available at link <http://content.healthaffairs.org/cgi/content/full/25/5/1448>
- The Robert Wood Johnson Foundation, PROMETHEUS Payment Reform Ready to Test New Model for Paying for Health Care (<http://www.rwjf.org/qualityequality/product.jsp?id=36868>). Prometheus Payment, Inc.® is a non-profit organization now experimenting with so-called "evidence based case reimbursement" (ECRs). It literally is the latest game in town. Rummage around their website to get a feel for their work.

Recommended:

- The following posts on a Health Affairs blog provide additional reality check on the Porter-Teisberg proposal:

<http://healthaffairs.org/blog/2006/10/05/health-care-reform-let%e2%80%99s-admit-porter-and-teisberg-are-sometimes-right/>

<http://healthaffairs.org/blog/2006/10/10/health-reform-porter-and-teisbergs-utopian-vision/>

- Anne Mutti and Craig List, "Moving toward bundled payments around hospitalizations," http://www.medpac.gov/transcripts/1107_bundling_hosp_AM_pres.pdf. A PPT slide show on how the Medicare Payment Advisory Commission (MedPAC) is wrestling with this issue.

D. GETTING VALUE FOR THE MONEY

In the recently introduced AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, the U.S. House of representatives proposed to appropriate \$1.1 billion for "Comparative Effectiveness Research," a.k.a. "Technology Assessment" or "Cost Effectiveness Analysis." Other nations, notably the U.K. and Germany, have already established institutes for that purpose. In this session, we explore the nature of that research activity.

13. COST-BENEFIT ANALYSIS, COST-EFFECTIVENESS ANALYSIS AND COST-UTILITY ANALYSIS

Assigned readings:

- Uwe Reinhardt, Lecture notes on "Economic Evaluation in the Context of Health Care" (to be distributed by e-mail).
- Folland, Goodman and Stano, Chapter 4 "Economic Efficiency and Cost-Benefit Analysis".
- Jeff Richardson's De Camp Lecture at Princeton, February 15, 2006. (In this lecture, Part II is especially provocative, as Professor Richardson argues, with evidence, that citizens do not really wish to see added QALYs "bought" through health care at lower costs before they are bought at higher costs. More typically, citizens wish to see scarce health care resources go to the sickest patients first, even if it means buy QALYs at very high prices. The argument shakes the very foundation of resource allocation on the basis of QALYs.)

Recommended:

- Alan Garber, "Advances in CE Analysis," in Culyer and Newhouse, "Handbook of Health Economics," vol. 1A (2000); pp. 181-220. (Advanced treatment. Although much of the chapter is accessible to non-economists, some parts involve mathematical modeling. It is, however, the state-of-the-art paper of the moment and well worth a look, especially section 5 on "Measuring Outcomes", pp. 211-19).

PART IV. SELECT PROTOTYPICAL HEALTH SYSTEMS

14. PURELY SOCIALIZED MEDICINE

- Adam J. Oliver, "The Veterans Health Administration: An American Success Story?," *The Milbank Quarterly*, 85(1) (January, 2007): 5-35.

15. GOVERNMENT-RUN SOCIAL INSURANCE: SINGLE-PAYER SYSTEMS

- Tsung-Mei Cheng, "Taiwan's New National Health Insurance Program: Genesis and Experience So Far" *Health Affairs* (May/June, 2003): 61-76. (Description and analysis of Taiwan's single-payer national health insurance system.)
- David Himmelstein and Steffie Woolhandler, "Why the U.S. Needs a Single Payer health System." Policy Statement of Physicians for a National health System (PNHP). At http://www.pnhp.org/facts/why_the_us_needs_a_single_payer_health_system.php
- National Association of Manufacturers, "Single-Payer Health Care Talking Points,"

http://www.nam.org/s_nam/doc2.asp?CID=201545&DID=230037.

16. SOCIAL INSURANCE WITH PRIVATE PURCHASING

Assigned reading:

- Alain Enthoven, "The History and Principles of Managed Competition," *Health Affairs*, (Supplement 1993): 25-48. This paper was written by Alain Enthoven, widely regarded as the intellectual force behind the concept of managed competition, just at the onset of the ill-fated Clinton Health Reform. The core of the Clinton plan was, in fact, based on managed competition, although they added the top-down global budget which Enthoven decries. President Bush's proposal for reforming Medicare also is based on this concept. Available at http://content.healthaffairs.org/cgi/reprint/12/suppl_1/24?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&fulltext=managed+competition&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT.
- James Robinson, "The End of Managed Care," *Journal of the American Medical Association* 285(20) (May 23/30, 2001): 26-22-28.
- Uwe E. Reinhardt, "The Predictable Managed Care Kvetch on the Road from Adolescence to Mature Adulthood," *Journal of Health Politics, Policy and Law* (October, 1999): 897-910. (A vaguely amusing post-mortem on the demise of managed care.)

Recommended:

Although Alain Enthoven is most famously associated with the concept of managed competition and justly so, as he has written more than any other author to refine and promote the idea. But physician Paul Ellwood, writing as early as 1971, is generally thought of as the father of the idea. Princeton University's Anne and Herman Somers also espoused that approach in their 1992 paper on health reform, possibly inspired by Ellwood. For students interested in the history of health policy, the readings below will be of interest.

- Paul M. Ellwood, "Health Maintenance Strategy," *Medical Care* (May, 1971): 250-6. (Ellwood's early conception of managed competition).
- Anne R. Somers, "The Somers Plan: An Early Managed Competition Proposal," *Health Affairs* (Summer, 1993): 218-9. (Another early conception of managed competition, although called "regulated competition" in the Somers' plan. For the original paper, see
- Herman M. Somers and Anne R. Somers, "Major Issues in health Insurance," *The Milbank Memorial Fund Quarterly* (April, 1972): 177-210.

PART V. CURRENT PROSPECT FOR HEALTH REFORM IN THE U.S.

17. THE OBAMA ADMINISTRATION'S HEALTH REFORM (INVITED LECTURER)

- Kaiser Family Foundation, "President-Elect Obama's Health Reform Proposal." (A two page summary) http://www.kff.org/uninsured/upload/Obama_Health_Care_Reform_Proposal.pdf
- U.S. Senator Max Baucus (D-Mont), Call to Action: Health reform 2009 (November, 2009), <http://finance.senate.gov/healthreform2009/finalwhitepaper.pdf> . This 85 page report is worth skimming because it is a classic illustration of how good staffers (in this case led by Liz Fowler), drawing on the report of numerous health policy experts, can prepare an insightful policy analysis for Senators and the public. It can serve as a role model for members of this class.

PART VI. SPECIAL PROBLEMS FACED BY HEALTH SYSTEMS IN LOW- AND MIDDLE-INCOME COUNTRIES

18. FINANCING HEALTH CARE IN LOW- AND MIDDLE-INCOME COUNTRIES

Assigned readings:

- Pablo Gottret and George Schieber (World Bank) Chapter 7 "Financing Health in low-income countries," and Chapter 8 "Financing health in middle income countries" pp. 209-77. Can also be from <http://go.worldbank.org/5S7Z2FUL80>

19. FOREIGN GOVERNMENT ASSISTANCE AND PRIVATE PHILANTHROPY

Assigned readings:

- Pablo Gottret and George Schieber (World Bank), Chapter 4 "External assistance for health," pp. 123-60.

Recommended:

For students who may be interested in the topic, here are some readings on the Millennium Challenge Account (MCA) and the associated Millennium Corporation established by President Bush in 2004. What the future of the MCA will be in the Obama Administration remains to be seen. We may invite an outside expert to speak to us about the MCA.

On MCA History

- "The Millennium Challenge Account and Foreign Assistance," Lael Brainard, The Brookings Review, Spring 2003, Vol.21 No.2 pp. 41-44; Available at: <http://www.brookings.edu/press/review/spring2003/brainard.htm>

On operational reality

- "Incentives and Capacity at the Millennium Challenge Account," Randall Wood, SAIS Perspectives, 2006 edition, pp 27-30; Available at: http://www.sais-jhu.edu/programs/i-dev/Perspectives/Perspectives_2006.pdf

On Selection and “the MCC Effect”

- “Can Foreign Aid Create an Incentive for Good Governance? Evidence from the Millennium Challenge Corporation,” Doug Johnson and Tristan Zajonc: Harvard University, April 11, 2006 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=896293
- Wagstaff A, Claeson M, Hecht RM, Gottret P, Fang Q. "Millennium Development Goals for Health: What Will It Take to Accelerate Progress?." 2006. *Disease Control Priorities in Developing Countries* (2nd Edition), ed. , 181-194. New York: Oxford University Press. DOI: 10.1596/978-0-821-36179-5/Chpt-9 (www.dcp2.org/pubs/DCP/9/).

20. APPROACHES TO RISK POOLING IN LOW-INCOME COUNTRIES (INVITED LECTURER)

- Pablo Gottret and George Schieber (World Bank), Chapter 3, “Risk pooling mechanisms,” pp. 73-121.

PART VII. CROSS-NATIONAL COMPARISONS OF HEALTH-CARE SYSTEMS (TIME PERMITTING)

21. COMPARING THE PERFORMANCE OF NATIONAL HEALTH SYSTEMS

Assigned Readings:

- World Health Organization (WHO), *World Health report 2000*. (This is a highly controversial report that triggered much opprobrium from health services researchers around the world. Skim only to get a flavor of the report. Its approach will be explained in class.)
- Robert J. Blendon, Minah Kim, and John M. Benson, “The Public Versus The World Health Organization On Health System Performance,” *Health Affairs*, May/June 2001; 20(3): 10-20. (Fascinating, short paper).
- Cathy Schoen, Karen Davis, Sabrina K.H. How, and Stephen C. Schoenbaum, “U.S. Health System Performance: A National Scorecard,” *Health Affairs*, (November/December 2006) 25(6): w457-w475.
- Elizabeth a. McGlynn, “There is no perfect health system,” *Health Affairs* (May/June, 2004): 100-102. (McGlynn is widely considered one of this country’s premier authorities on measuring the quality of health care. Her comment can be viewed as authoritative.) At <http://content.healthaffairs.org/cgi/reprint/23/3/100?maxtoshow=&HITS=10&hits=10&RESULTFOR=MAT=&fulltext=sINGLE+pAYER+HEALTH+SYSTEMS&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>