

**Health Economics and U.S. Health Policy**  
**Fall, 2019**

**Instructor Contact Information:**

Professor Gail R. Wilensky, PhD – Towsley Policymaker in Residence

**E-mail:**

**Instructor Office Hours:**

Most Fridays, 12:15-2:00 pm (excluding Sept. 13, 20 and Oct. 11) or by appointment.  
5317 Weill Hall in the Center for Local, State and Urban Policy

**Course Overview:**

This course provides a sophisticated overview of healthcare in the United States, including the ways in which people receive and pay for health care, the major programs that make up the financing and delivery of health care as well as the current and future challenges to the health care system. The course material does not assume prior economic or health policy knowledge although some exposure to economic (or other type of social science) analysis would be helpful.

**Course Requirements:**

Students are expected to attend and participate in class discussions, complete assigned readings, take a mid-term exam on the day given, write two op/ed length columns and one Policy Brief/Congressional Testimony length document.

**Course Grading:**

Attendance and class participation:	15%
Op/ed 1:	15%;
Op/ed 2:	15%
Mid-term exam:	25%
Congressional testimony:	30%

## **FORD SCHOOL OF PUBLIC POLICY INCLUSIVITY STATEMENT**

Members of the Ford School community represent a rich variety of backgrounds and perspectives. We are committed to providing an atmosphere for learning that respects diversity. While working together to build this community we ask all members to:

- share their unique experiences, values and beliefs
- be open to the views of others
- honor the uniqueness of their colleagues
- appreciate the opportunity that we have to learn from each other in this community
- value one another's opinions and communicate in a respectful manner
- keep confidential discussions that the community has of a personal (or professional) nature
- use this opportunity together to discuss ways in which we can create an inclusive environment in Ford classes and across the UM community

**Accommodations for Students with Disabilities:** If you believe you need an accommodation for a disability, please let your instructor know at your earliest convenience. Some aspects of courses may be modified to facilitate your participation and progress. As soon as you make your instructor aware of your needs, they can work with the Services for Students with Disabilities (SSD) office to help determine appropriate academic accommodations. Any information you provide will be treated as private and confidential.

**Student Mental Health and Well-Being Resources:** The University of Michigan is committed to advancing the mental health and wellbeing of its students. We acknowledge that a variety of issues, such as strained relationships, increased anxiety, alcohol/drug problems, and depression, directly impacts students' academic performance. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available. For help, contact [Counseling and Psychological Services](#) (CAPS) and/or [University Health Service](#) (UHS). For a listing of other mental health resources available on and off campus, visit: <http://umich.edu/~mhealth/>

**Please review additional information and policies regarding academic expectations and resources at the Ford School of Public Policy at this link:**

**<http://fordschool.umich.edu/academics/expectations>**

Class 1: Sept. 6—Overview of health economics and U.S. health policy. The goal of the first lecture is to explain how economists think about public versus private goods versus goods with cost or benefit spillovers and for these types of goods relate to health care. The basic structure of health care coverage and delivery will be reviewed along with overall trends in health care costs, coverage, access, etc.

1. Leiyu Shi, Douglas Singh. U.S. Health Care System, 5<sup>th</sup> Edition. P 1-16
2. Sara Wilensky, Joel Teitelbaum. Essentials of health Policy and Law, 4<sup>th</sup> edition. P49-71.
3. Andrea Sisko, et al. National Health Expenditure Projections, 2018-27: Economic and Demographic Trends Drive Spending and Enrollment Growth. Health Affairs, vol 38, No. 3. Feb. 20, 2019. <https://doi.org/10.1377/hlthaff.2018.05499>.
4. CMS. National Health Expenditure Projections 2018-2027. [www.cms.gov](http://www.cms.gov)
5. David Cutler et al. The value of medical spending in the United States, 1960-2000. N Engl J Med. 2006 Aug 31; 355(9):920-7. <https://www.nejm.org/doi/pdf/10.1056/NEJMs054744>.

#### Optional Reading

1. Sherry Glied et al. "Where the Money Goes: The Evolving Expenses of the US Health Care System," Health Affairs 35(7): 1197-1203.full.pdf
2. Austin Frakt. "Medical Mystery: Something Happened to U.S. Health Spending after 1980. New York Times. May 14, 2018. <https://www.nytimes.com/2018/05/14/upshot/medical-mystery-health-spending-1980.html>

Class 2: Sept. 13—Medicare. Medicare is regarded as the closet example of a social insurance program that is available in the U.S. Signed into law in 1965, Medicare celebrated its 50<sup>th</sup> anniversary in 2015 and is widely regarded by its supporters and enrollees as a success. Never designed as a full replacement insurance for those who were previously covered by employer-sponsored insurance, its structure—both in coverage and benefits—has evolved over the years. Because its financing is inconsistent with the expected future demand on the program, there have been frequent calls for reforming Medicare but most of the changes that have been enacted have increased the demand on its resources rather than stabilized its funding.

1. Shi and Singh. U.S. Health Care System, 5<sup>th</sup> edition. P 136-141
2. Kaiser Family Foundation. "An Overview of Medicare". <https://www.kff.org/medicare/issue-brief/an-overview-of-medicare>
3. Kaiser Family Foundation. The Facts on Medicare Spending and Financing. <https://www.kff.org/medicare/issue-brief/the-facts-on-medicare-spending-and-financing->
4. T. Neuman et al. "Medicare Advantage and Traditional Medicare: Is the Balance Tipping" Kaiser Family Foundation Issue Brief. October 2015.
5. Kaiser Family Foundation. "An Overview of the Medicare Part D Prescription Drug Benefit. Oct 12, 2018. KFF.org.

#### Optional Reading

1. David Blumenthal et al. "Medicare at 50—Origins and Evolution", New England Journal of Medicine. February 12, 2015. <http://www.nejm.org/doi/full/10.1056/NEJMhpr1411701>

Class 3: Sept 20—Private Insurance. (Taught by Brian Miller, M.D., M.B.A., M.P.P. Private insurance, especially employer-sponsored insurance provides coverage to the largest number of individuals in the United States. The class will cover the role of private insurance in the U.S. and how it has changed over time starting with the effects of WWII wage and price controls which led to employers providing health insurance as an employee benefit and its origins as a non-profit, benevolent corporation. Also reviewed are the unique features of health insurance as an insurance business. Tools of risk transfer are discussed including risk corridors, forms of

capitation, and carve-outs as well as network design and benefit coverage. The way in which technology assessment and coverage analysis is done for the Medicare program also affects private plans and will be explored through the use of a case study.

1. Kaiser Family Foundation. "How private Coverage Works: A Primer"—2008 Update. <https://www.kff.org/health-costs/issue-brief/how-private-health-coverage-works-a-primer/>
2. Shi and Singh. U.S. Health Care System, 5<sup>th</sup> Edition. P 132-135
3. Kaiser Family Foundation. "Employer Health Benefits: 2018 Summary of Findings." <https://www.kff.org/>; Summary of Findings-9240/The Henry J Kaiser Family Foundation.
4. Federal Register. "Medicare Program; Revised Process for Making National Coverage Determinations. 2013;78(152):48164-48169

Optional Reading:

1. M. Rae et al. "Tax Subsidies for Private Health Insurance." Kaiser Family Foundation. 2018.
2. J. Giovannelli et al. " Regulation of Health Plan Provider Networks. Health Affairs. July 28, 2016. Health Policy Brief. [www.healthaffairs.org](http://www.healthaffairs.org).

Class 4: Sept. 27—Medicaid. Taught by Gail Wilensky, Ph.D and John Ayanian, M.D., M.P.P. Institute of Healthcare Policy and Innovation. An introduction to Medicaid, including its "accidental beginnings", the expansions in both benefits and coverage that have occurred over time, state variation in Medicaid spending and coverage.

1. Kaiser Family Foundation. Medicaid Pocket Primer. June 2017. P 1-5
2. G. Wilensky. Politics, Policy and Medicaid Reform. JAMA Forum. March 1, 2017. [http://www.gailwilensky.com/jama/JAMA\\_Forum\\_Politics\\_Policy\\_and\\_Medicaid\\_Reform.asp](http://www.gailwilensky.com/jama/JAMA_Forum_Politics_Policy_and_Medicaid_Reform.asp)
3. G. Wilensky. JAMA Forum: Revisiting Medicaid. JAMA Forum. May 31, 2017. [http://www.gailwilensky.com/jama/JAMA\\_ForumPolitics\\_Policy\\_and\\_Medicaid\\_Reform](http://www.gailwilensky.com/jama/JAMA_ForumPolitics_Policy_and_Medicaid_Reform).
4. G. Wilensky and A. Slavitt. Reforming Medicaid. July 11, 2017. [http://www.gailwilensky.com/jama/JAMA\\_Forum\\_Reforming\\_Medicaid.asp](http://www.gailwilensky.com/jama/JAMA_Forum_Reforming_Medicaid.asp)
5. J.Z. Ayanian. Michigan's Approach to Medicaid Expansion and reform. N Engl J Med 2013. 369:1773-5.
6. J.Z. Ayanian. Economic Effects of Medicaid Expansion in Michigan. N Eng J Med. 2017. Feb 2;376 (5):497-410. (Doi: 10.1056/MEJMp1613981. Epub 2017.)

Optional:

1. Writing effective Op-Eds. Communicator Toolkit. Commskit.duke.edu.

First op/ed (approx. 750 words but up to 900 words allowed if written as a column)

Class 5: Oct 4--the Affordable Care Act.

1. S. Wilensky and J. Teitelbaum. Essentials of Health Policy and Law. Fourth Edition. P 201-217
2. Summary of the Affordable Care Act. Kaiser Foundation <http://kff.org/health-reform/fact-sheet/summary>
3. A. Chandra. J. Gruber and R. McKnight. The Importance of the Individual Mandate—Evidence from Massachusetts. N Eng J Med. 2011. 364(4), 293-295. [https://www.researchgate.net/profile/Amitabh\\_Chandra2/publication/49747312\\_The\\_Importance\\_of\\_the\\_Individual\\_Mandate\\_-\\_Evidence\\_from\\_Massachusetts/links/0fcfd50a0decfb2e97000000/The-Importance-of-the-Individual-Mandate-Evidence-from-Massachusetts.pdf?origin=publication\\_detail](https://www.researchgate.net/profile/Amitabh_Chandra2/publication/49747312_The_Importance_of_the_Individual_Mandate_-_Evidence_from_Massachusetts/links/0fcfd50a0decfb2e97000000/The-Importance-of-the-Individual-Mandate-Evidence-from-Massachusetts.pdf?origin=publication_detail)

4. G Wilensky. Improving and Refining the Affordable Care Act. JAMA. July 28, 2015. Vol 314. Number 4. P 339-341.
5. S Butler. The future of the affordable care act: reassessment and revision. JAMA 2016; 316 (5): 495-497.  
<https://jamanetwork.com/journals/jama/fullarticle/2533696>

Class 6: Oct 11—Health Care Costs and Spending. The rise of health care costs and the growth in health care spending remain two of the more contentious issues in health care. Various attempts have been made to slow health care spending—most of them with mixed results. The slowdown in health care

1. Shi and Singh. Essentials of the Health Care System. Fifth Edition. p 275-283
2. M. Chernew. “Interpreting New Data on Health Care Spending Growth,” Health Affairs Blog <http://healthaffairs.org/blog/2015/12/02/interpreting-new-data-on-health-care-spending-growth/>
3. M. Chernew “Interpreting National health Expenditure Projections: Issues and Challenges, Health Affairs Blog, February 14, 2018. DOI: 10.3177/hblog20180214.597384  
<https://www.healthaffairs.org/doi/10.1377/hblog20180214.597384/full/>

Optional:

1. A. Jha. Why Does the US Health Care Spending Far Outstrip That of Other countries? JAMA Forum, Mar 21, 2018.  
<https://newsatjama.jama.com/2018/03/21/jama-forum-why-does-us-health-care-spending-far-outstrip-that-of-other-countries?>

Class 7: Oct 18—Writing Op/Ed columns versus Congressional testimony and Mid-Term Exam.

1. Communications Program. Harvard Kennedy School. Projects.iq.harvard.edu.
2. The OP-Ed Project. (<http://www.theopedproject.org>)
3. Gene Spafford’s Personal Pages: Advice on Government Testimony. Advice on Government Testimony. Spaf.cerias.perdue.edu

Midterm Exam:

2-3 Short essay questions to be answered in class out of 5 policy questions. Laptops allowed.

Class 8: Oct 25—Reimbursement strategies, value and quality. Taught by Gail Wilensky and Mark Fendrick, M.D., Professor of Internal Medicine, Michigan Medical and Director, Value-Based Insurance Design. A review of how physicians and hospital reimbursement has changed over time along with the effects different types of reimbursement strategies can have on the volume, intensity and quality of care delivered. Also a review of some innovative strategies to balance desirable with undesirable incentives and the feasibility and use of value-based insurance designs.

1. Shi and Singh. Essentials of the U.S. Health Care System. 5<sup>th</sup> Edition. P 143-148.
2. J. VanLare and P. Conway. “Value-based Purchasing—national programs to move from volume to value.”. New England Journal of Medicine 367.4(2012): 292-295.\
3. A Fendrick, D Smith and M Chernew. Applying Value-Based Insurance Design to Low-Value Health services. Health Affairs. Vol 29. No.11.  
<https://doi.org/101377/hlthaff.2010.0878>.
4. H. Richardson et al. V-Bid X: Creating A Value-Based Insurance design Plan for the Exchange Market. Health Affairs Blog. July 15, 2019. DOI: 10.1377/hblog20190714.437267.  
<https://www.healthaffairs.org/doi/10.1377/hblog20190714.437267/full/>

Class 9: Nov. 1—Issues related to pharmaceuticals—their use, potential and share of the health care spend. A faculty member from the college of pharmacy has been invited to speak during this session. The growing use of pharmaceuticals in health care treatment and prevention and their role in health care spending will be reviewed. The special role of patents and the effect of the time between concept and entrance to market will also be discussed along with the political pressure for interventions in pricing and the challenges presented by the U.S. being the dominant purchaser of pharmaceuticals in the world.

1. R. Kamal, et al. “What are the recent and forecasted trends in prescription drug spending? Peterson-Kaiser health System Tracker. Posted: February 20, 2019.  
<https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-start>
2. G. Wilensky. “Prescription Drug Pricing is not Just an Election Issue.” The Milbank Quarterly. Dec. 2016 (volume 94) (Op-Ed). The Milbank Quarterly:  
<https://doi.org/10.1111/1468-0009.12223>.
3. A. Frakt. How to Cut Drug Prices: Experts Weigh In. The New York Times. Retrieved from  
<https://www.nytimes.com/2018/12/10/upshot/how-to-cut-drug-prices-experts-weigh-in.html>.
4. M Freed et al. A Look at Recent Proposals to Control Drug Spending by Medicare and its Beneficiaries. Aug. 01, 2019. Issue Brief.  
<https://www.kff.org/medicare/issue-brief/a-look-at-recent-proposals-to-control-drug-spending-by-medicare-and-its-beneficiaries/>

Second Op/Ed or column due (approx. 750 words, 900 if written as a column)

Class 10: Nov. 8—Long Term Care Services. The growing and changing importance of long-term care in an aging population and the types of long term now available. The discussion will include how community-based and institutional long term care differ from other types of health care services and the challenges associated with the financing and payment of long-term care.

1. Essentials of the U.S. Health Care System, 5<sup>th</sup> Edition. P229-243. 246-249.
2. A. Willink, et al. Use of Paid and Unpaid Personal Help by Medicare Beneficiaries Needing Long-Term Services and Supports. The Commonwealth Fund.  
<https://www.commonwealthfund.org/publications/issue-briefs/2017/nov/use-paid-and-unpaid-personal-help-medicare-beneficiaries-needing>
3. Kaiser Family Foundation. Medicaid’s Role in Nursing Home Care. Jun 20, 2017.  
<https://www.kff.org/infographic/medicaids-role-in-nursing-home-care/>

Class 11: Nov. 15-- The Social Determinants of Health and Populations with Special Needs. The social determinants of health consider the conditions in which people are born, grow, live, work and age and the ways they affect an individual’s health outcomes. The social determinant include factors such as an individual’s income, educational opportunities, and work environment.

2. World Health organization, Commission on Social Determinants of Health. Closing the Gap in a Generation: Health equity through action on the social determinants of health. Executive Summary.  
[http://www.who.int/social\\_determinants/en](http://www.who.int/social_determinants/en)

3. S Artiga and E Hinton. Beyond Health care: The Role of Social Determinants in Promoting Health and Health Equity. Issue Brief. Kaiser Family Foundation. May 10, 2018  
<https://www.kff.org/disparities-policy/issue-brief/beyond-health-care-the-role-of-social-determinants-in-promoting-health-and-health-equity/>
4. S. Wilensky and J. Teitelbaum. Essentials of Health Policy and Law. Fourth Edition. P 142-149.

Class 12: Nov. 22--The Role of the Individual and Individual Rights in Health Care Decision-making. This class will focus on understanding the role of health policy and law, individual rights in health care and public health, issues of tort liability and the increasing interest in providing greater transparency protections for consumers. An outside speaker has been invited to participate.

1. S. Wilensky and J Teitelbaum. Essential of Health Policy and Law. Fourth Edition. P113-125, p 132.; p 278-2
2. G. Wilensky. Federal Government Increases Focus on Price Transparency. JAMA Forum. July 31, 2019.  
<https://newatjama.com>
3. D Blumenthal et al. Price Transparency in Health Care is coming to the U.S.—But Will it Matter.  
<https://hbr.org/2019/07/price-transparency-in-health-care-is-coming-to-the-u-s-but-will-it-matter>

Optional:

1. A. Kowalski. Behavior Within a Clinical Trial and Implications for mammography Guidelines. NBER Working paper 25049. Abstract.  
<https://www.nber.org/papers/w25049>.
2. G Wilensky. Efforts to address Surprise Medical Billing Could Yield a Bipartisan Solution. Healthcare financial management. March 2019  
Hfma.org. March 2019.

Congressional testimony due (Max of 2000 words—8 pages double-spaced)

Class 13: Dec. 6. Political and Health Care. Dec. 6. The role of health care in elections and the expected effect in the 2020 election. Discussions will include the likely effect of the Medicare for All focus for many Democrats and what differences, if any, that suggests with the role of health care in past elections. Cory Alexander, EVP, corporate Affairs, United HealthGroup and former chief of staff for House Democratic Whip, Steny Hoyer (D-MD) will jointly lead the last class. A question and issues session of unanswered questions from previous classes will be included as time permits.

1. A. Kirzinger et al. KFF Election Tracking Poll: Healthcare in the 2018 Midterms.  
<https://www.kff.org/health-reform/poll-finding/kff-election-tracking-poll-health-care-in-the-2018-midterms/>
2. G. Wilensky. Democrats Ponder Options: Medicare for All, Medicare for More or Strengthening the ACA. JAMA Forum. April 10, 2019. <https://newsatjama.jama.com/>
3. J. Glinza. Democratic Debates: how healthcare is defining and dividing 2020 candidates. 31 July 2019  
<https://www.theguardian.com/us-news/2019/jul/31/healthcare-democrats-2020-debates-detroit>