

WWS 597—THE POLITICAL ECONOMY OF HEALTH SYSTEMS

FALL 2007

Co-taught by

Senator Bill Frist, M.D., 341 Wallace Hall, Tel. 258-6918 whfrist@princeton.edu,

and Uwe Reinhardt (351 Wallace Hall, Tel. 258-4781 (or 258-1456), e-mail: reinhard@princeton.edu)

Mondays and Wednesdays, 8:30 pm 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 goals and basic building blocks of health systems review of basic health economics, explores each of these building blocks in depth and examines how and to what end different nations have organized their health systems and how one might evaluate the performance of those systems. In the process, the course will focus on sundry special topics, such as infectious diseases and global health care, approaches to coping with HIV/AIDS and the nature and reform of health systems in less developed countries, including the role of non-governmental organizations (NGOs) in that development process.

The course is intended strictly for graduate students in the Woodrow Wilson School's M.P.A., M.P.P. and Ph. D. programs.

Given the nature of the course, enrollment in it must be limited. Priority will be given to students in the *Certificate in Health and Health Policy (HHP)* program.

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

There are no formal textbooks in the course, although the U-Store has been apprised that several chapters of basic text in standard *health economics* will be assigned. Students who plan to work in the field of health policy are encouraged to acquire the text as a future source of reference. It is

Sherman Folland, Allen C. Goodman and Miron Stano, *The Economics of Health Care*, 5th ed. (Upper Saddle River, N.J.: Prentice Hall, 2006) – hereafter Folland, Stano and Gooman.

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 to be forged by analytic framework. It behooves students of health reform to be familiar with that perspective, as U.S. health policy and the policies advocated by the World Bank to other nations have tended to view health care through that disciplinary prism.

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.

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 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://cmwf.org>

There are mainly additional think tanks working in health care, among them the Alliance for Health reform, the American Enterprise Institute, the Brookings Institution, the Cato Institute, the Center for Budget and Policy Priorities, the Employee Benefits Research Institute (EBRI) and the Heritage Foundation, all in Washington, D.C. To varying degrees the think tanks exhibit their own ideological bent.

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).

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

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

Finally, last but not least, 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 lastname. 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>,

a convenient archive of all the papers she has listed back to 2001.

D. ORGANIZATION OF THE COURSE

The sessions in the course will be a mixture of class discussion and lectures, as appropriate. The final product in the course will be a well researched, well documented, professional paper of 20 to 30 pages in length on a relevant topic of the student's choice. It is due at the end of the course, when papers in the WWS are due. A smaller term paper will be due roughly at midterm. There will not be formal, written examinations in the course. Depending on the size of the course, students may be asked to make PPT presentations to the class.

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%). In line with the professional norms theory that explains a good deal of behavior among professionals in health-care—and professionals in general--no formal credit will be assigned to the presentations in class.

COURSE OUTLINE

Note: A particular topic may require less or more than a full session. Because the course is co-taught, the numbering on the topics below does not necessarily dictate the actual sequence of their discussion. Students will be informed of the actual sequence with due advance notice.

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.

Recommended only:

- Richard B. Saltman, "A conceptual overview of recent health reforms," *European Journal of Public Health*, 4(4) (1994): 287-93.
- World Health Organization, *Health Systems: Improving Performance*, *World Health Report 2000*; Chapter1 "Why Do Health Systems Matter?": 1-20.

2. THEORIES OF DISTRIBUTIVE JUSTICE FOR HEALTH CARE

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

Recommended only:

- Adam Wagstaff, “Equity in Health Care Finance and Delivery,” in Culyer and Newhouse, *Handbook of Health Economics*, vol. 1A (2000); pp. 1804-62. (**Highly recommended**. Read this classic paper to get a feel for the issue without getting bogged down in the heavily mathematical sections).
- Alan Williams and Richard Cookson, “Equity in health,” in Culyer and Newhouse, *Handbook of Health Economics*, vol. 1A (2000); pp. 1864-1910.
- E. van Doorslaer et al., “Equity in the delivery of health care in Europe and the US,” *Journal of Health Economics* 19(5) (September, 2000): 553-84. (Using their definition of equity, the authors use a statistical analysis to show that the U.S. attains roughly the same degree of equity in the distribution of health care as do the European nations. It appears to be in the financing of health care that the U.S. is less equitable. There is also the fact, of course, that aggregate studies of this sort may not capture adequately the health-care experience of America’s low-income uninsured.)

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 on 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.

Assigned readings:

- 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).
- 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.

Recommended only:

- 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.)
- Jeremiah Hurley, “An Overview of the Normative Economics of the Health Sector,” in Culyer and Newhouse, *Handbook of Health Economics*, vol. 1A (2000); pp. 55-118. A

bit more advanced; but students interested in the power and pitfalls of normative economics will find this state-of-the-art survey a worthwhile read and good investment.

PART II. THE BUILDING BLOCKS OF HEALTH SYSTEMS

In this part, we shall examine the basic building blocks of health systems everywhere: financing, risk pooling, payment of providers of health care, ownership patterns, and government regulation of health systems.

4. RISK POOLING: THE ECONOMIC AND SOCIAL ROLE OF HEALTH INSURANCE

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 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 only:

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

5. ALTERNATIVE METHODS OF FINANCING HEALTH CARE SYSTEMS

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;

Recommended only:

- William Hsiao, "A Framework for Assessing Health Financing Strategies and the Role of Health Insurance," in David Dunlop and Jo. M. Martins, eds. *An International Assessment of Health Care Financing*, The World Bank (1995): 15-30.
- Alan Maynard and Anna Dixon, "Private health insurance and medical savings accounts: theory and experience," in Elias Mossialos, Anna Dixon, Josep Figueras and Joe Kutzin, eds., *op cit.*: 107-27.

6. EMPLOYER PROVIDED HEALTH INSURANCE: WHO PAYS THE PREMIUM?

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.
- Alain C. Enthoven and Victor R. Fuchs, “Employment-Based Health Insurance: Past, Present, And Future,” *Health Affairs* (November/December 2006) 25(6):1538-1547.

Recommended only:

- Alan B. Krueger and Uwe E. Reinhardt, “The Economics of Employer versus Individual Mandates,” *Health Affairs* (Spring (II) (1994): 34-53.
- Linda J. Blumberg, “Who Pays for Employer Sponsored Health Insurance,” *Health Affairs* (November/December, 1999): 58-61.
- 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.

7. 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).

8. METHODS OF PAYING HOSPITALS

- 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, *Report to Congress: Medicare Payment Policy* (March, 2002): Chapter 1 “How Medicare pays for services: an overview”: pp.1-34. (The U.S. Medicare program is a federal, single-payer system covering the elderly and certain disabled individuals under age 65. Its payment methods, based on extensive health-services research, have attracted attention and imitators in other countries. This chapter provides an illuminating overview of these methods.)
- 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).

9. METHODS OF PAYING FOR PRESCRIPTION DRUGS

The pharmaceutical industry is characterized by high fixed costs (mainly outlays on research and development) and low variable production costs. This so-called high “operating leverage” makes it difficult to set or negotiate prices that are efficient at any point in time (statically efficient) and also encourage an optimal time path of investment in innovation (dynamic efficiency). Once again, we shall discover that there does not exist a practical, optimal policy.

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 Readings:

- 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.)

10. EVALUATING MEDICAL TREATMENTS (TECHNOLOGY ASSESSMENT)

- *In the literature on comparative health systems, one frequently runs across terms such as “cost-benefit”, “cost-effectiveness”, and “cost utility” analysis, along with QALYs and DALYs. One could easily structure and justify an entire course on this subject matter. Here we shall merely seek a basic familiarity with these terms.*

Assigned Readings:

- Folland, Goodman and Stano, Chapter 4 “Economic Efficiency and Cost-Benefit Analysis”.
- Uwe Reinhardt, Lecture notes on “Economic Evaluation in the Context of Health Care” (to be distributed by e-mail).
- 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 Reading:

- 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 III. ALTERNATIVE HEALTH SYSTEMS**11. A TAXONOMY OF HEALTH SYSTEMS****Assigned Readings:**

- William C. Hsiao “Why Is A Systemic View Of Health Financing Necessary?” *Health Affairs*, July/August 2007; 26(4): 950-961. (Reread here).
- Tsung-mei Cheng and Uwe Reinhardt, “The Potential Role of Private Markets and Private Health Insurance in China’s Health Reform,” (Mimeographed; to be distributed by e-mail).

12. DIRECT PROVISION OF HEALTH CARE: PUBLIC HEALTH SYSTEMS

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

12. INDIRECT PROVISION BY GOVERNMENT: SINGLE-PAYER HEALTH-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.
- C. David Naylor, "Canada under Fiscal Duress," *Health Affairs* (May/June 1999): 9-26. (A diagnosis of the problems faced by Canada's health system.)

13. INDIRECT PROVISION BY PRIVATE INSURERS: MANAGED COMPETITION WITH MANAGED CARE

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 only:

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 1997 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.

14. INDIRECT PROVISION BY PRIVATE INSURERS: “CONSUMER-DIRECTED HEALTH CARE” (HIGH-DEDUCTIBLE HEALTH INSURANCE COUPLED WITH TAX-PREFERRED HEALTH SAVINGS ACCOUNTS)

Assigned Readings:

- 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>

PART IV. SPECIAL PROBLEMS IN HEALTH CARE IN DEVELOPING COUNTRIES

Excellent general background reference for the following sections which focuses on health and more broadly human services:

World Development Report 2004: Making Services Work for Poor People World Bank Overview available at: http://publications.worldbank.org/catalog/content-download?revision_id=3435362

15. FINANCING HEALTH CARE IN DEVELOPING COUNTRIES

Assigned Readings:

- George J. Schieber and Akiko Maeda, “A Curmudgeon’s Guide to Financing Health Care in developing Countries,” in George J. Schieber, ed. *Innovations in Health Care Financing*, Proceedings of a World Bank Conference (March 10-11, 1997):1-38. (An updated version may be available. If so, it will replace this classic piece.)
- Kaiser Family Foundation and CSIS. Donor Funding for Health in Low- & Middle- Income Countries, 2001-2005; August 2007 (www.kff.org/hiv/aid/7679.cfm).
- Johns B, Torres T. “Costs of Scaling up Health Interventions: A Systematic Review.” *Health Policy and Planning*, Vol. 20, No. 1; January 2005.

Recommended only:

- The Health Affairs issue of July/August, 2007 offers a whole series of papers on health-care financing in developing countries under the rubric “Global Health Financing.” Students

interested in health policy for developing countries will find this a good source of material. Schieber, Gottret, Fleisher, Leive.

<http://content.healthaffairs.org/cgi/reprint/26/4/921?maxtoshow=&HITS=10&hits=10&RESULTFORMAT=&fulltext=Financing+Global+Health%3A+mission+unaccomplished&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>

- Schieber, with Pablo Gottret, co-authored, *Health Financing Revisited: A Practitioner's Guide* (World Bank 2006) which includes many helpful chapters (available at: <http://go.worldbank.org/5S7Z2FUL80>) See in particular, Chapter 7, "Financing Health in Low-Income Countries."
- WHO. "Who pays for health systems?" Chapter 5 in, *World Health Report 2000*. Geneva: World Health Organization; 2000, pp.95-115 (www.who.int/whr/2000/en/whr00_ch5_en.pdf)
- Ch. 12, "Financing Health Systems in the 21st Century" Disease Control Priorities in Developing Countries, 2nd Edition; 2006.

16. FOREIGN GOVERNMENT ASSISTANCE AND PRIVATE PHILANTHROPY

Assigned Readings:

- A. Millennium Challenge Corporation

Assigned Readings:

- Lee K, [Walt G, Haines A](#). "The Challenge to Improve Global Health: Financing the Millennium Development Goals." *JAMA*. Vol. 291, No. 21, pp.2636-2638; June 2004 (<http://jama.ama-assn.org/cgi/content/full/291/21/2636>).
- Millennium Challenge Account. Congressional Research Services Report for Congress. Updated August 6, 2007 (Prepared for Members and Committees of Congress).

Recommended only:

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
- Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=896293

Book reference:

Challenging Foreign Aid: A Policymaker's Guide to the Millennium Challenge Account

Stephen Radelet; The Center for Global Development

May, 2003 Content available on line at: <http://www.cgdev.org/content/publications/detail/2920>

- Center for Global Development, MCA Monitor: www.cgdev.org/section/initiatives/active/mcamonitor. In particular, see:
- Lucas S. *Lessons from Seven Countries: Reflections on the Millennium Challenge Account*; May 2007 (www.cgdev.org/content/publications/detail/13710/)
- Radelet S. *The Millennium Challenge Account In Africa: Testimony Before the House Committee On Foreign Affairs Subcommittee on Africa and Global Health*; June 2007 (www.cgdev.org/content/opinion/detail/13957/)

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/).

B. Nongovernmental organizations (NGOs)/Civil Society

Assigned Readings:

- Gilson L, Sen PD, Mohammed S, Mujinja P. “The Potential of Health Sector Non-governmental Organizations: Policy Options.” *Health Policy and Planning*. Vol. 9, No. 1, pp. 14–24; March 1994.
- Ullah A, Newell JN, Ahmed JU, Hyder MKA, Islam A. “Government–NGO Collaboration: The Case of Tuberculosis Control in Bangladesh.” *Health Policy and Planning*. Vol. 21, No. 2; March 2006.
- Bhan A, Singh JA, Upshur REG, Singer PA, Daar AS. “Grand Challenges in Global Health: Engaging Civil Society Organizations in Biomedical Research in Developing Countries.” *PLoS Med*. Vol 4, No. 9; September 2007 (<http://dx.doi.org/10.1371/journal.pmed.0040272>).

C. Foundations: Opening a new frontier led by Gates and Buffet

Assigned Readings:

- Funders Concerned About AIDS. *U.S. Philanthropic Commitments for HIV/AIDS*; September 2007.
- Birn A. "Gates's Grandest Challenge: Transcending Technology as Public Health Ideology." *The Lancet*. Vol. 366, No. 9484, pp. 514-519; August 2005.

Recommended only:

- Cohen J. "The New World of Global Health." *Science*. Vol. 311; January 2006.
- Okie S. "Global Health - The Gates–Buffett Effect." *NEJM*. Vol. 355; September 2006;
- McMahon R. Global Health and the Gates Foundation. June 2006.
http://www.cfr.org/publication/11004/global_health_and_the_gates_foundation.html?breadcrumb=%2Fissue%2F5%2Fcorporate_governance

D. Absorptive Capacity

Assigned Readings:

- ODI. *Scaling up versus Absorptive Capacity: Challenges and Opportunities for Reaching the MDGs in Africa*; May 2005
(www.odi.org.uk/publications/briefing/bp_may05_absorptive_capacity.pdf)

Recommended only:

- Roodman D. *Aid Project Proliferation and Absorptive Capacity - Working Paper 75*. Center For Global Development; January 2006 (www.cgdev.org/content/publications/detail/5673).

17. ORGANIZING HEALTH CARE DELIVERY IN DEVELOPING COUNTRIES

Assigned Readings:

- Mills A, Ranson MK. "The Design of Health Systems." Chapter 11 in Merson M, Black R, Mills A, eds, *International Public Health: Diseases, Programs, Systems and Policies*, Second Edition; Jones and Bartlett; 2006. (www.jbpub.com/catalog/0763729671/)
- Mills A, Rasheed F, Tollman S. "Strengthening Health Systems." 2006. *Disease Control Priorities in Developing Countries* (2nd Edition), ed. , 87-102. New York: Oxford University Press. DOI: 10.1596/978-0-821-36179-5/Chpt-3 (www.dcp2.org/pubs/DCP/3/).
- Fried B, Gaydos L. *World Health Systems: Challenges and Perspectives*; 2002.
- Provides brief descriptions of country health systems, including organization and delivery, major issues, and trends, and healthcare costs (www.ache.org/Pubs/friedgaydos.cfm).

Recommended only:

- Ch. 2. Priorities in Health. Success in Addressing Priorities. Washington DC: The International Bank for Reconstruction and Development/ The World Bank; 2006. p. 23-38.
- Ch. 4. Priorities in Health. Jamison D et al eds. Cost-Effective Strategies for the Excess Burden of Disease in Developing Countries. Washington DC: The International Bank for Reconstruction and Development/ The World Bank; 2006. p. 59-96.
- Carr D. Improving the Health of the World's Poorest People. Population Reference Bureau February 2004.
- Marsh DR, Alegre JC, Waltensperger ZK. A Results Framework Serves Both Program Design and Delivery Science. *Journal of Nutrition* 2008, in press.
- Marsh DR, Wansi E, Bryce J. What is Community Case Management and Why Should it be Considered? Ch 1. in Community Case Management Essentials. CORE, BASICS, Save the Children: Washington, DC, 2008, in press.
- USAID, Center for Development Information and Evaluation, Bureau for Policy and Program Planning. Performance monitoring and evaluation TIPS, Washington DC: USAID; 1996.

18. INEXPENSIVE, PROVEN THERAPIES: PRIORITIZING HEALTH CARE

Assigned Readings:

- Laxminarayan R, Chow J, Shahid-Salles S. "Intervention Cost-Effectiveness: Overview of Main Messages." 2006. *Disease Control Priorities in Developing Countries* (2nd Edition), ed. , 35-86. New York: Oxford University Press. DOI: 10.1596/978-0-821-36179-5/Chpt-2 (www.dcp2.org/pubs/DCP/2/).
- CGD. *Millions Saved: Proven Successes in Global Health, 2007 Edition*; March 2007 (www.cgdev.org/doc/millions/Millions_Saved_07.pdf).

Also see: Center for Global Development, Millions Saved Proven Successes in Global Health: www.cgdev.org/section/initiatives/active/millionsaved which includes more material and a link to case studies and a new global health textbook.

Recommended only:

- Trouiller P, Olliaro P, Torreele E, Orbinski J, Laing R, Ford N. "Drug Development for Neglected Diseases: A Deficient Market and A Public-health Policy Failure." *The Lancet*. Vol 359; June 2002.
- Jones G, Steketee R, Black R, Bhutta Z, Morris S, Bellagio Child Survival Study Group. How many child deaths can we prevent this year? *The Lancet* 2003; 362: p11-17.
- Bryce J, Arifeen S, Pariyo G, Lanata C, Gwatkin D, Habicht J, Mutli-Country Evaluation of IMCI Study Group. Reducing child mortality: can public health deliver? *The Lancet* 2003; 263: p18-23.
- Darmstadt G, Bhutta Z, Cousens S, Adam T, Walker N, Bernis L. Evidence-based, cost-effective interventions: how many newborn babies can we save? *The Lancet* 2005; p.19-30.
- Reducing Malaria's Burden: Evidence of Effectiveness for Decision Makers. Washington DC: Global Health Council; December 2003.

- http://www.globalhealth.org/view_top.php?id=384
- Pneumonia: The forgotten killer of children. Geneva: WHO, UNICEF; 2006.
- http://www.who.int/child-adolescent-health/New_Publications/CHILD_HEALTH/ISBN_92_806_4048_8.pdf
- Opportunities for Africa's Newborns: Practical data, policy and programmatic support for newborn care in Africa. Executive Summary. Joy Lawn and Kate Kerber, eds. PMNCH, Cape Town, 2006.
- <http://www.who.int/pmnch/media/publications/africanewborns/en/index.html>

19. INFECTIOUS DISEASES AND THE THREAT OF PANDEMICS

Assigned Readings:

- Garrett, L [The Challenge of Global Health](#) *Foreign Affairs* January/ February 2007; 86(1). <http://www.foreignaffairs.org/20070101faessay86103/laurie-garrett/the-challenge-of-global-health.html>
- Garrett, L [The Next Pandemic?](#) *Foreign Affairs* July/August 2005; 28(4).
- Osterholm, MT [Unprepared for a Pandemic.](#) *Foreign Affairs*, March/April, 2007 <http://www.foreignaffairs.org/20050701faessay84401/laurie-garrett/the-next-pandemic.html>

Recommended only:

- Hughes JM, [Emerging Infectious Diseases: A CDC Perspective.](#) *Emerging Infectious Diseases* 2001;7(3 Suppl):494-6. http://www.cdc.gov/ncidod/eid/vol7no3_supp/hughes.htm
- Fauci AS. [Infectious Diseases: Considerations for the 21st Century](#) *Clinical Infectious Diseases* 2001; 32:675-685. Infectious Diseases Society of America. IDSA Lecture, <http://www.journals.uchicago.edu/CID/journal/issues/v32n5/001539/001539.html>
- Webster RG, Govorkova EA. [H5N1 Influenza – Continuing Evolution and Spread](#) *N Engl J Med* November 23, 2006; 355(21): 2179-2186. <http://content.nejm.org/cgi/reprint/355/21/2174.pdf>
- Murray C, Lopez A, Chin B, Feehan D, Hill K. "Estimation of Potential Global Pandemic Influenza Mortality on the Basis of Vital Registry Data from the 1918–20 Pandemic: A Quantitative Analysis." *The Lancet*. Vol. 368, No. 9554; December 2006.
- [Minna Stern A, Markel H.](#) "International Efforts to Control Infectious Diseases, 1851 to the Present." *JAMA*. Vol. 292; 2004 (<http://jama.ama-assn.org/cgi/content/full/292/12/1474>).
- Webster RG, Govorkova EA. "H5N1 Influenza - Continuing Evolution and Spread." *NEJM*. Vol. 355, No. 21; November 2006.
- Dorman SE, Chaisson RE. "From Magic Bullets Back to Magic Mountain: The Rise of Extensively Drug-Resistant Tuberculosis." *Nature Medicine*. Vol. 13; March 2007.

- Note that, *Disease Control Priorities in Developing Countries* (2nd Edition), ed. New York: Oxford University Press, April 2006, has individual chapters on many infectious diseases: www.dcp2.org/pubs/DCP

20. HIV-AIDS: A TIME FOR REASSESSMENT?

Assigned Readings:

- Global HIV Prevention Working Group. *Bringing HIV Prevention to Scale: An Urgent Global Priority*; June 2007 (www.globalhivprevention.org/reports.html#hiv).
- Bertozzi S, Padian N, Wegbreit J, DeMaria L, Feldman B, Gayle H, Gold J, Grant R, Isbell M. "HIV/AIDS Prevention and Treatment." 2006. *Disease Control Priorities in Developing Countries* (2nd Edition), ed. , 331-370. New York: Oxford University Press. DOI: 10.1596/978-0-821-36179-5/Chpt-18 (www.dcp2.org/pubs/DCP/18/).

Recommended only:

- Institute of Medicine. *PEPFAR Implementation: Progress And Promise*; March 2007 (www.nap.edu/catalog.php?record_id=11905 (note that there is a short report brief)
- Merson M. "The HIV–AIDS Pandemic at 25 - The Global Response". *NEJM*. Vol. No. 23; June 2006 (<http://content.nejm.org/cgi/content/full/354/23/2414>).
- Barnett B, Whiteside A. *AIDS in the 21st Century: Disease and Globalisation*, Second Edition. Palgrave Macmillan, London and New York, April 2006 (www.palgrave.com/sociology/aids21/) – suggested excerpts are Chapter 1 (Disease and Denial) and Chapter 13 (Strategies, Tactics, and Timing).

PART V. CROSS-NATIONAL COMPARISONS OF HEALTH-CARE SYSTEMS

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).
- Authors Respond To Blendon et al. and other WHO Critics. *Health Affairs*, July/August 2001; 20(4): 253-254.

- 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.

Recommended only:

- 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&RESULTFORMAT=&fulltext=sINGLE+pAYER+HEALTH+SYSTEMS&andorexactfulltext=and&searchid=1&FIRSTINDEX=0&resourcetype=HWCIT>

22. STATE REFORM: A CASE STUDY TENNCARE

Monday, October 15, 2007

Recommended Reading (in order):

1. Cyril Chang, "From TennCare to Cover Tennessee: Providing Health Care to Low-Income Individuals and the Uninsured in Tennessee", June, 2006. Article listed in Course Material section of blackboard.
 - Start with this as quick overview of TennCare. Note that there were 10 directors over a 14-year history.
2. K. Leighton, M. Ellwood, S. Hoag, B. Ormond, J. Wooldridge "Evolution of Medicaid Managed Care Systems and Eligibility Expansions", *Health Care Financing Review*, Winter 2000, Vol. 22(2): 7-27.
 - This 2000 review describes five of the most innovative "waiver programs". Note that the failure of TennCare did not begin until after this paper. Good "mid-term" review.
3. Christopher Conover, Hester H. Davies "The Role of TennCare in Health Policy for Low-Income People in Tennessee", *Occasional Paper Number 33*. 2000 (120 pages).
 - Status of TennCare in 2000 read only pages 1-17 and 103-105. If you'd like the entire report (which is excellent), see me. This is a summary of reform at 6 years. Expansion of coverage but dissatisfaction among physicians. On the way to "failure". Articles listed in Course Material in blackboard.
4. McKinsey Report Part 1: "Achieving a Critical Mission in Difficult Times – TennCare's Financial Viability", December 11, 2003. (35 pages). Article listed in Course Material in blackboard.
 - Excellent report assessing financial viability over 5-year period. This is the way real life works. This is the report that you as a class would deliver to me, the policy maker, as we look to redesign for the future. This is not a historical piece and does not address the history of the program.

Optional Readings:

- James Robinson "The Best of Times and The Worst of Times: A Conversation With Vicky Gregg", *Health Affairs*, November 29, 2005, 558-565.
 - How a "profitable non-profit", major "private health insurance company responds when TennCare drops hundreds of thousands from coverage. What went wrong?

- Alan Weil “Next Steps For Tennessee: A Conversation With Gov. Phil Bredesen”, *Health Affairs*, February, 2007.
 - The policy makers perspective today. Scan through this to capture current policy and abandonment of TennCare.
- McKinsey Report Part 2: “Achieving a Critical Mission in Difficult Times – Illustrative Strategic Options for TennCare”, February 11, 2004.
 - Recommendations for the future. Outstanding (but long). Full text on reserve in the Stokes Library.
- Robert E. Hurley “TennCare – A Failure of Politics, Not Policy: A conversation With Gordon Bonnyman” *Health Affairs*, April 25, 2006.
 - From the patient advocates’ attorney. His view of politics and why TennCare failed.
- Timeline: Bureau of TennCare.
 - Just FYI: a skeleton time line. Article listed in Course Material section of blackboard.

23. FORMAL INTRODUCTION TO INTERNATIONAL HEALTH: SYSTEMS AND ECONOMICS

Wednesday, October 17, 2007

- Merson, Michael H, ed. *International public health: diseases, programs, systems, and policies*. Chapter 11: “The Design of Health Systems”, Sudbury, Mass.: Jones and Bartlett, 2006, pp. 513-551.
- Merson, Michael H., ed. *International public health: diseases, programs, systems, and policies*. Chapter 13: “Health and the Economy”, Sundbury, Mass.: Jones and Bartlett, 2006, pp. 601-647.