

Health Care Cost and Policy
Osher Lifelong Learning Institute Fall 2020
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Course Summary

We're getting a bad deal with health care in the United States: We pay twice what other industrialized countries pay, yet we live shorter lives, and we suffer with more disease. The enormity of this bad deal is breathtaking in both personal and economic terms. For many years, the political debate about health care has focused on financing health care, and while figuring out who pays the bill is critically important, it is not enough. The bill is too big in the first place. There is much that is wrong in health care and needs fixing. And, the exceptionally high cost of health care in the United States can be found lurking among all of these issues.

What Will A Student Get From the Course?

The course offers a framework to analyze health care policy proposals through a different lens – the lens of cost and the nitty gritty of health care business practices coupled with the reality of health care political economics.

Week One: The Breathtaking Magnitude of the Bad Deal We Get in Health Care in the United States

- Cost and health measures in the U.S. compared to other OECD countries
- The cost to our health and our economy

Week Two: What's Behind the 2X Cost of Health Care in the United States?

- Economic theory breaks down in health care
- Government and employers (and to a much lesser extent, individuals) pay the bill
- Why don't they drive a better deal?

Week Three: The Impact on Prices

Higher prices and costs found throughout the health care system – there's no one villain

- Administrative cost of fee-for-service reimbursement and insurance, pharmaceutical pricing, device pricing, hospital pricing, and provider compensation
- Disparities where some make a lot more, and others less

Week Four: Looking to Other Industrialized Countries

- Why other OECD countries pay so much less and live with less disease?
 - Social determinants matter, and utilization of care differs some, but it's the price of care in the U.S. that stands out
- Drivers of lower prices in OECD countries
- Having an "adult" who has the incentive and power – economic and/or political – to contain cost

Week Five: The Political Forces of Health Care in the United States

- For health care consumers, care is intensely personal and emotional, and financially scary
- For health care suppliers, care is lucrative with enormous incentives to defend their turf, and they play their hand well in the influence game

Week Six: Policy Options -- Competition

- Quality standards and reporting
- Regulatory reforms
- Drive new forms of competition where the incentive is better health and lower cost

Week Seven: Policy Considerations – Purchasing Power and Financing

- Using government purchasing power to lower cost, and promote price transparency
- Financing options – tradeoffs of who pays the bill

Week Eight: Special Circumstances and Wrap-up

- Rural health care – a challenge to achieve better health and lower cost
- Communities of need require special considerations
- Wrap up

Readings

Readings will include a set of current and classic articles which will be detailed at the start of the course. There are three books that helped frame portions of the course:

1. Uwe E. Reinhardt, 2019, *Priced Out, The Economic and Ethical Costs of American Health Care*, Princeton.
2. Anne Case and Angus Deaton, 2020, *Deaths of Despair and the Future of American Capitalism*, Princeton.
3. Elisabeth Rosenthal, 2017, *An American Sickness: How Healthcare Became Big Business and How You Can Take It Back*, Penguin Random House.

Kaiser Health News, sponsored by the Kaiser Family Foundation, is an excellent source of current health care reporting, including a focus on the business of health care. The “First Edition” daily e-newsletter is free.